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Consumer Identity and Brand Image in the Craft Beer Industry

Case Study Analysis of Leopold7 in South Africa

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INTRODUCTION

A curious trend has been emerging in the massive global alcoholic beverages industry in the past few years: *Beer has been losing its market share to wine and spirits* (Bailey, 2015). However, this trend is to be considered differently in developing economies as beer is on the contrary increasingly consumed by the average Sub-Saharan African and Asian consumer. Additionally, more and more expensive beers are purchased by those consumers in the last couple of years (Business Monitor International, 2014).

Within the beer category, another growing and notable trend to be pointed out is the rise of craft beers. This revolution has been spreading so well in the United States for the past twenty years that it is believed to reach more than 20 percent of the U.S. beer market within the next five years (Cernivec, 2014). Recently, South Africa seems to be following the same trend and growth in its craft beer market; which ultimately could be leading to a market share as influent as the U.S. craft beer market. I noticed very few literature was available on the topic of craft beers in South Africa as it remains a very fragmented and recent trend. Nonetheless, this Sub-Saharan country merits to be given a great attention as it combines an increasing general consumption of beer as well as a growing craft beer trend and is therefore full of growth potential.

But an interrogation remains about the reasons that lead people to shift their behaviors and preferences to this product category. Craft beers are the results of a growing demand for differentiated and “local” products and for unusual consumption experiences different from the mass consumption products. Pine & Gilmore (1998) explain that we have entered into an *Experience Economy in which businesses have to orchestrate memorable moments for their customers*. In this field, various craft beer brands have recently flourished in the South African growing and promising beer landscape trying to differentiate themselves as much as possible from each other.

The scope of this thesis will focus on this recent trend of craft beers in South Africa and especially on the importance of the differentiated brand image conveyed to consumers. *A brand is worthless if it does not connect with the right audiences in a relevant way* claimed Cory Torrella. This implies targeting the right people with the right message and I believe that achieving a true differentiation enables a brand to increase its value to consumers. To do this, it is likely that the craft beer sector must go away from the mass media communication means and favor a “back to basics” and targeted approach to seduce the very demanding consumers.

Additionally, as a student selected for the International Business program, I was able to complete my internship during six months abroad in a craft brewery (WLIT Brewery) implementing its Belgian craft beer locally in South Africa. This experience allowed me to get involved in the launch process of Leopold7, the crat beer marketed. I noticed that, although being a well differentiated product, the brand identity and the segmentation of Leopold7 were crucial for its market penetration and seemed to be lacking some clarity. This allowed me to develop a clear problematic on which to base my thesis, its title being: Consumer identity and Brand image in the Craft Beer Industry.

Thesis structure

The present thesis is composed by two main parts.

The first part is a theoretical part based on a literature review divided into four main chapters:

1. Company overview: The company is first presented as well as its product category and offering.

2. Beers in South Africa: A global understanding and analysis of the market is provided with a clear section describing the craft beer market and its specificities. Finally, the concept of consumer ethnocentrism is reviewed as an interesting topic in relation with the problematic.

3. Consumer behavior overview in relation with Leopold7: The existing literature relevant for Leopold7 is reviewed, namely the consumer behavior literature towards alcohol consumption and towards new product adoption, this being the case of Leopold7.

4. Branding: The last chapter of the theoretical part concerns and reviews the concept of branding as a differentiation tool inherent to the value proposition of a product. It approaches the concept of brand equity and the use of communication channels to reinforce this equity. A review of the concept of Foreign Branding concludes this chapter.

The second part of the thesis is a practical part based on an empirical analysis of the case of Leopold7 as a craft beer in South Africa. It is divided in three main chapters:

5. Research question and methodology: The problematic and the research questions are enunciated along with the description of the methodology used to answer those research questions.
6. Analysis and results: A complete analysis of the data gathered is provided in order to draw up a trend about the consumer identity and the brand image of Leopold7.
7. Discussion: In this last chapter, I provide the reader with an analysis and a discussion about the brand identity and the brand image of Leopold7. This is completed by a last focus on recommendations about specific and relevant communication channels to use in the light of the results analyzed.

Those seven chapters are then followed by a conclusion stating the limitations encountered in the thesis and the eventual remaining questions. Finally, the references and the appendix will end this thesis.

1. COMPANY OVERVIEW

In this first section, Brasserie de Marsinne is briefly described as it represents the initial producer of Leopold7. A stronger emphasis is then given to WLIT Brewery as the latter is the South African representative of Leopold7 and therefore, the main focus of this thesis.

1.1 Brasserie de Marsinne

The Brasserie de Marsinne is a new microbrewery that manufactures and markets a unique craft beer product, namely Leopold7 (see figure 1), using traditional Belgian practices. It started its production in March 2013 and has enjoyed a very warm reception on the Belgian market for more than two years.

Figure 1: Leopold7

Source: Brasserie de Marsinne (2015)

The Brasserie de Marsinne has already doubled its production during its second year of functioning and hopes to continue in that direction for the coming years as can be seen in the table below (Brasserie de Marsinne, 2015).

Table 1 : Production of Brasserie de Marsinne

Year	Production (hectoliters)
2013	485
2014	995
2015	2050 (planned)

Source: Brasserie de Marsinne (2015)

Leopold7 is currently an existing product successfully produced and marketed in Belgium and in 2014, was introduced as a premier brand to a flourishing South African craft beer industry. Indeed, its Belgian owners, Nicolas Declercq and Tanguy van der Eecken sought to expand their unique proposition to other promising markets where the craft beer sector is currently growing and expanding. South Africa was identified as such a market and as already mentioned previously, it is the South African activity and its impact on its consumers that will constitute the major aspect of study of this thesis.

1.2 WLIT Brewery

WLIT Brewery (operating under the business name of “Leopold7 Brewery”) is currently marketing Leopold7 as a trademark of Brasserie de Marsinne since July 2014. Alexandre Tilmans (Director of WLIT Brewery) was found to be the right person to set up this partnership project between Brasserie de Marsinne and South Africa. His associate Marquis Brown has recently joined the project as both men share the same vision of what a microbrewery should look like.

Even though the definition of a microbrewery remains quite unclear and varies from one country or culture to another regarding production capacities, it is at least possible to identify some common features within the multiple organizations present on the market internationally. Carroll and Swaminathan (2000) mentioned in that field *that the participants in the microbrewery "movement" attempt variously to portray their firms as small production organizations that refuse to cut corners in their quest for quality, care about their customers and communities, employ traditional methods and ingredients, and appeal to the most discerning of consumers* (Carroll & Swaminathan, 2000, p. 730). Most of these features can be found in the next section describing the product category.

1.3 Product Category & Offering

The craft beer Leopold7 is still imported from Belgium as the South African brewery is not operational yet but the physical microbrewery premises should be installed and commissioned in the first 2016 quartile (Tilmans & Brown, 2015). Table 2 shows the major characteristics of the Leopold7 beer.

Table 2: Key characteristics of the Leopold7

Characteristic	Score/Description
Type	Amber Ale
Alcohol	6.2%
Color	13 EBC
Bitterness	7/10
Smoothness	7/10
Aroma	Floral Citric

Source: WLIT Brewery (2014)

The Brasserie de Marsinne, together with WLIT Brewery try to mix in a subtle and creative way some winning elements of their unique product:

- An original concept: an eco-brewery. The Belgian Brewery and the future South African one aim at reducing and minimizing their impact on the environment. This **sustainable approach** is reflected in the brewing process through the reduction and even elimination of various wastes (yeast, brewing water and cleaning products). Another eco-friendly aspect of the product is the absence of use of glue or paper labels on the bottle which eliminates any consumption of surfactants and detergents and thus reduces the energy demand and water consumption (Brasserie de Marsinne, 2015).
- An **ambitious and innovative segmentation**: The craft beer market is booming as many authors mention in their work (see Murray & O'Neill, 2012; Carroll & Swaminathan, 2000; Wesson & Neiva De Figueiredo, 2001, Cernivec; 2014; Green, 2015). The demographic profile of the segment composed by craft brewers and enthusiasts *shows age range, income and educational levels promising to drive continued growth* (Murray & O'Neill, 2012). Also, the craft beer market has gained the attention of the tourists knowledgeable in the beer market but has also emerged from a large demand coming from the younger population (Tilmans & Brown, 2015). This segmentation will be further analyzed in details in the next chapters of this thesis.
- A **craft and healthy product**. As Carroll and Swaminathan (2000) described the microbreweries as very careful about the use of traditional methods and ingredients, the Brasserie de Marsinne and WLIT Brewery fulfill this requirement by producing a beer only composed by organic farming or locally produced ingredients (Brasserie de Marsinne, 2015).
- A **high-quality product**. The Leopold7 is produced following a traditional brewing method. Each 20 hectoliters batch of Leopold7 goes through a fermentation and re-fermentation (in the bottle) process of two months in total (a longer period compared to mass production beers) which gives the product a higher stability and a very specific and remarkable taste. Once bottled, the beer gets naturally carbonated (unlike sodas & many beers) thanks to the CO2 produced by the yeast (WLIT Brewery , 2014).

Those characteristics put Leopold7 in the rank of a quality and premium beer to be savored and justify its price in South Africa where it is positioned near the higher price range of craft beers on the market.

This first overview of both companies gives a brief and global understanding of their structure and of the product marketed. A deeper and more detailed analysis of the market environment in which Leopold7 evolves in South Africa is further given in the next section.

2. Beers & Craft Beers in South Africa

This second chapter enables the reader to get a brief and global understanding and overview of the context in which WLIT Brewery is evolving.

A review of the historical perspective of beers in general is presented. After that, the current beer market in South Africa is described followed by a section approaching the craft beer sector and its characteristics. Finally, a section is devoted to the concept of Consumer Ethnocentrism.

2.1 Beers in South Africa

2.1.1 History

South Africa is a country full of history, and its past has considerably influenced the evolution of the nation as can be seen in some of Mager's publications (2005, 2010).

The apartheid period (1948-1991) has shaped many aspects of the South African society and Mager describes for example how the beer industry has influenced and shaped various social values through its branding and advertising. *Much of South Africa's history can be written through its drinking habits and regulations* wrote Ross (1999, p.158) in one of his work.

Mager (2005) relates that home brewing has always been a traditional practice in South Africa long before Europeans colonized the country. African women had historically a specific and important role in the beer brewing process. This role was stolen by the government after 1928 when it was decided that government monopolies and beerhalls would take care of the production and distribution of beer. 1928 also marked the beginning of the prohibition of the sales of "European liquor" to Africans who were by and large only allowed to drink sorghum (millet) beer. This decision ultimately led to the establishing of a parallel and illicit liquor trade that created an endless battle between the African's illicitly brewing and the police. Due to the insisting pressure of the police on the government, this ban was finally lifted in 1962 with the Liquor Act (Mager, 1999). However, this Act did not prevent the illicit "backyard shebeens" (drinking spots) to continue working even after the demolition of the beerhalls by apartheid opponents in the mid 1980's.

In her article, Mager (2005) also explains the way by which beer advertisement has had a major impact on brand identities which ultimately *influenced and responded to wider social and political changes*. She focuses her analysis on South African Breweries (SAB) as the company that started in 1895 was the *first industrial share on the Johannesburg Stock Exchange* and has always enjoyed the status of *virtual monopoly in the 'clear' beer production (euphemism for 'European' beer as opposed to dark, sorghum beer)* (Mager, 2005).

Mager (2005) traces the evolution in the branding and advertising of SAB through the years and divides it into four major periods from 1960 to 1999. Prohibition led SAB to target more intensively the white market (women and men) in the first period as the sales of European liquor was prohibited to Africans. Once prohibition was lifted (1962), the company started strategizing and focusing on modern marketing, a process that led them to orientate their branding around ***heritage, masculinity and nationalism*** and to develop multicultural branding strategies (Mager, 2005). A summary of those four periods can be consulted in the appendix for the reader curious and willing to know more about the historical aspects of the South African beer market (cfr appendix 1).

Those four periods summarize the evolution of SAB's advertising in a context of continuous mutation of the South African nation. From the first period illustrating the lack of use of strategic marketing and branding, SAB managed within a few years to extensively grow and to build up a recognizable brand constructed around the anchored values "heritage, masculinity and nationalism" despite the evolution of the South African changing environment.

The next section will help the reader to understand the current environment of the South African beer industry through a brief market analysis.

2.1.2 Current Market

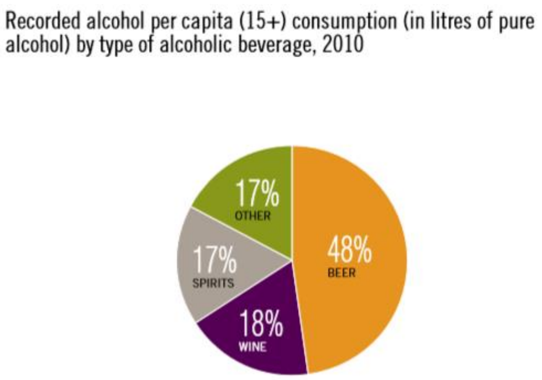
2.1.2.1 Continent and country overview

The alcoholic drinks market is relatively small in Africa relative to global terms but is the most promising beer market in terms of growth. Euromonitor International (2014) published a report claiming that *the continent's alcoholic drinks value sales are forecast to be the fastest growing over 2013-2018, with a 5% CAGR, and to contribute 9% of global revenues at US$ 19 billion*. This encouraging forecast can be partly explained by the current brewers' dynamic in Africa:

> *The affordability drive and logistical initiatives taken by brewers to make beer the brew of choice for low-income consumers has been significant in pushing volume sales. However, volume growth is gained at the expense of slowing value growth due to the region's relatively low profits margins in beer* (Alkhatib, 2015, p. 8).

South Africa is the largest beer market of the continent in terms of volume sales and is a nation of beer drinkers (Alkhatib, 2015). As can be seen below in Figure 1, statistics show beer as the number one drink in South Africa with 48% of the recorded alcohol per capita being beer. Also, Colen & Swinnen (2010) ranked South Africa within the top 15 countries with the highest level of total beer consumption with 2.580.030 million liters in 2005. This level had reached 3 billion liters in 2014 according to a report published by MarketLine (2015) and is forecast to accelerate its progression by 2018.

Figure 1: Recorded alcohol per capita (15+) consumption of South Africa



Source: World Health Organization (2014)

With a per capita beer consumption of 68 liters in 2014, the BMI forecasts an increase to nearly 79 liters by 2018 in South Africa (Business Monitor International , 2014). Even though this shows a positive and increasing perspective, Euromonitor International contrasts this perspective by mentioning *slumping wages and economic downturn* as factors of a slowing down beer market in South Africa (Alkhatib, 2015). In addition to this, *increased excise duties on alcoholic drinks, as well as the rising costs of raw materials, and energy costs, resulted in additional unit price increases* claims the same report. However, a better forecast about economic growth among the active population of Cape Town is possible as the South African city has *witnessed some growth over 2012-2014* (Alkhatib, 2015).

By looking at its evolution through time, beer has experienced continuous growth through years which coincides with the previously described growth and expansion of SAB from 1960 to 1990.

2.1.2.2 Competitors in the market

The South African beer market clearly looks like a virtual monopoly with only a few players detaining the almost entire market of lagers[1]. Three major players account for about 97% of the market thus almost monopolizing it (Euromonitor International, 2014). The craft beer market is further investigated in the next section (2.2) and will therefore remain inexistent among the major competitors of the global market as it is a niche market that has not acquired significant shares yet in order to be considered as a major competitor.

SABMiller (parent company of the South African Breweries) holds close to an 80% share of sales in terms of volume for the domestic market in South Africa. However, there has been a growing interest and demand for premium beers[2] for the last years and Brandhouse Breweries, the joint venture of Diageo and Heineken holds more than 60% of the premium beer market

[1] *Lager is a type of beer that is conditioned at low temperatures* (Briggs, Boulton, Brookes, & Stevens, 2004, p.5)

[2] Premium beers do not have a concrete definition. Their only particular characteristic would be their alcoholic content. A premium beer’s alcoholic content ranges from 4.3% to 7.5% alcohol by volume (abv) (Just-drinks, 2007). Super premium beers are traditionally called craft beers (Grundlingh, 2015).

(Business Monitor International , 2014). In the near future, SAB will likely target that segment of the beer market more aggressively.

Another segment of the beer market in South Africa is the sorghum beer[3] market which is dominated by **United National Breweries** (UNB), a company fully owned by Diageo since April 2015 (Selig, 2015). The company was the second largest player in the beer industry during 2013 with a market share of 11% (Euromonitor International, 2014). However, the particularity of this segment is that *more than three quarters of traditional African beer (also referred to as sorghum beer) is brewed at home, the rest being industrial production* (Euromonitor International, 2014). The scope of the production of UNB is much lower than that of SAB (0,4bn liters against 2,5bn liters for the latter in 2005) (A&T Consulting & Naumann , 2005).

Brandhouse Breweries (a joint venture between Heineken and Diageo) is the third and last major player of the beer industry in South Africa with a market share of 8% (Euromonitor International, 2014).

It seems inevitable that SABMiller will remain the largest volume holder in the market. However, Brandhouse Breweries will likely be able to increase their share thanks to 2007 claim to obtain their license back from SAB to brew Amstel (a premium beer) (Business Monitor International , 2014).

The following chart shows a summary of the major players in the South African beer market and a table summarizing the major brands of each major competitors is available in the appendix (cfr appendix 2).

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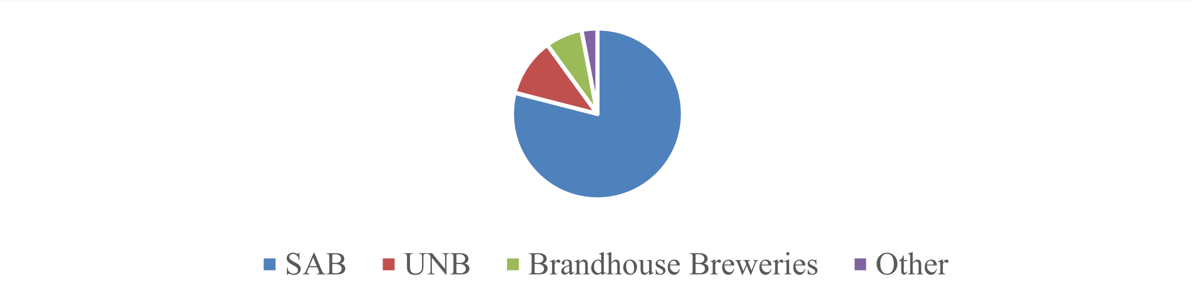
[3] *Sorghum beer, a traditional drink of the Zulu people, contains up to 8% alcohol, is brewed from the grain sorghum and fermented with lactic acid* (Selig, 2015). It also has a shelf life a lot shorter (a few days) than the clear beer.

Figure 2: Market shares in total volume terms (2013)

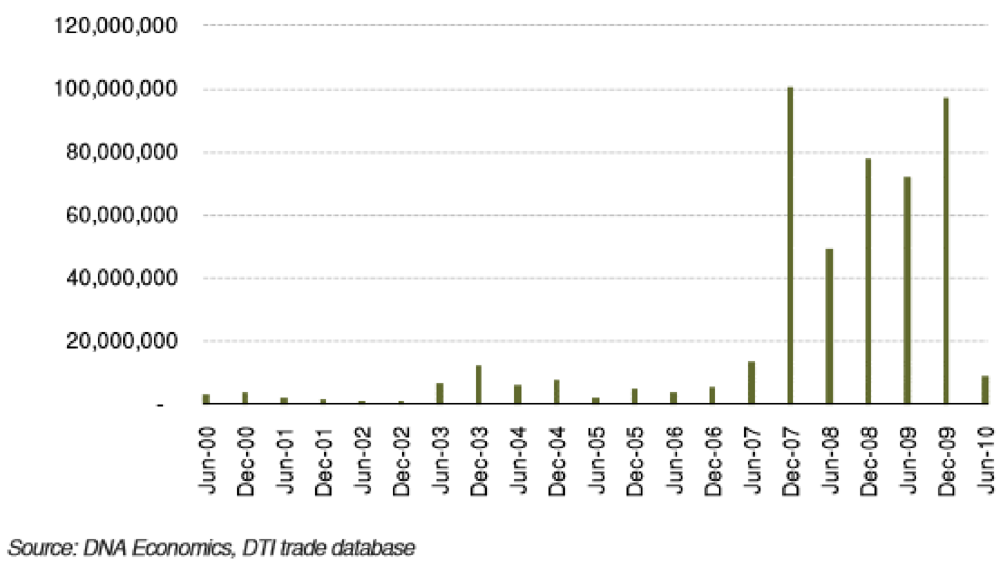


Source: Euromonitor International (September 2014)

2.1.2.3 Imported beers in South Africa

As presented by Truen *et al*. (2011) and Euromonitor (2014), the beer imports steadily increased (by more than 10 times) between 2007 and 2009. This phenomenon occurred because of Heineken's decision in 2007 to take back its Amstel brand and as a consequence to stop SAB's local distribution of it. Brandhouse was therefore constrained to import Amstel between 2007 and 2009 to keep up with its local demand as they did not have any local brewery yet. The impact of this manipulation can be seen in figure 3. Since then, a partnership between Brandhouse and a local South African brewery has been established, allowing them to produce Amstel in South Africa since March 2010 (the resulting dramatic decrease in imports can also be observed in the same figure below).

Figure 3: South African beer imports – 6 month total (liters)



Source: Truen *et al*. (2011)

Since 2010, beer imports have constantly increased from 28.7 liters in 2010 to 31.6 liters in 2012 because of SAB's decision to start some new brands importation from Italy (Peroni Nastro Azzuro) and The Netherlands (Grolsch) (see appendix 3 and 4 for more details about the imports) (Euromonitor International, 2014).

2.2 A niche market: Craft beers

Here follows a complete description of the market in which WLIT Brewery evolves in South Africa with its product Leopold7. An introduction covering the whole sector is given, followed by information relative to the market size. For the reader willing to enrich this topic and get a full understanding of the stakes involved in the market, a PESTEL macro-analysis as well as a SWOT micro-analysis can be consulted in the appendix (cfr appendix 5 and 6).

2.2.1 Definition & Description

The craft beer segment is booming in South Africa for the last few years. Standard Bank Group has predicted a growth of 30% in that sector for 2015 and 35% in 2016 (Grundlingh, 2015) and Euromonitor International (2014) noted some of the most important growth rates within the craft beer brands for the year 2013 in South Africa.

This trend is not unique to South Africa and has been increasingly prevalent in the U.S. since the end of the 70's with the opening of the first microbrewery in San Francisco (Anchor Brewing Company) now considered the first craft brewery in the U.S. (Lapoint, 2012). The phenomenal rise and success of the movement was the result of a growing consumer demand for a differentiated product taste. The national brewers market had been strongly consolidated since the end of the nineteenth century, which led to a very homogenized taste in the beer supply (Wesson & Neiva De Figueiredo, 2001).

The Brewers Association predicted in 2014, that the craft beer segment would be representing more than 20 percent of the overall beer market share by 2020 in the U.S. (Cernivec, 2014). From 1998 where it accounted for 2.6 percent of the market share to 7.8 percent in 2013, it seems that the craft segment is nearly on track to reach the 20 percent forecasted by IBISWorld (Cernivec, 2014). It is therefore not surprising that this segment has attracted the attention of the national, mass-production brewers. Indeed, low growth rates in the overall beer category make the craft beer market an attractive one from a growth perspective, as the rest of the market suffers from *flat performance*, writes Cernivec (2014). Nevertheless, this flat performance is not really concerning Sub Saharan Africa nor Asian consumers as Business Monitor International (2014) mentioned them as *drinking more expensive beer* unlike the other Western countries.

In South Africa, Euromonitor International (2014) mentioned in its report the *explosive growing popularity* of the movement for the year 2013 despite its almost insignificant effect on the value or volume sales within the beer category. Despite the many economical and demographical differences between South Africa and The U.S., it is very tempting to compare the South African craft beer market with the U.S. craft beer market twenty years ago.

The other notable and undeniable fact about craft beer appearing in the report is the consumer segment targeted by this trend. Indeed, the **middle- and high-income consumers** being targeted by craft brewers are the only group that could not be affected by the *overall economic uncertainties of the country* (Euromonitor International, 2014). As a consequence, they continue to have their consumption behaviors heavily influenced by global trends. They also apply those trends to their consumption patterns in South Africa which represents a good sign for the future of the craft movement (Euromonitor International, 2014).

Finally, the last striking fact about craft beer is that it has attracted **women** that had never drank beer before into the industry as Garth Theunissen, companies and markets editor of the Finweek, mentioned in a recent interview (CNBC Africa, 2012). This means that craft beers are extending the traditional more masculine beer world to women. Darling Breweries, a South African craft brewery, corroborated this notion recently claiming that about 50% of their clientele are indeed women (CNBC Africa, 2012).

As the microbrewery movement and craft brewers are defined differently by their country of origin, we should acknowledge the differences of each important region. The U.S. Brewers Association and The Society of Independent Brewers in The UK both support microbreweries and have defined their own requirements to be considered as a microbrewery. Nevertheless, the two structures both agree to define a microbrewery as a **small business category** (Brewers Association, 2015; Cabras, 2015).

In South Africa, The Craft Beer South Africa Interim Steering Committee (ISC) is a volunteer structure in formation willing to manage and administrate the craft brewers. It is the only structure put in place so far and attempting to gather the existing South African craft breweries.

They have enacted a few rules about the conditions that would be required to be considered as a craft brewer in South Africa (Craft Beer South Africa Interim Steering Committee, 2014):

- The **volume capacity** of the brewery has to be under 5.000.000 liters per annum.
- Also, the craft brewery must not be **controlled or owned** by more than 25% by any alcoholic beverage industry shareholder if the latter is not a craft brewer/craft owner itself.
- A strong attention must be given to **tradition**. The craft brewer or craft brand owner is required to use *traditional or innovative brewing ingredients* as well as a traditional fermentation process.

Even though those requirements have not received any legal approbation yet, they remain the main available declaration regarding the definition of craft brewers and coincide with the existing talks among craft brewers and craft enthusiasts[4].

2.2.2 Market size

Because the craft beer segment remains very immature among the South African beer market, there has not been much official research to exactly enumerate the number of craft breweries in the country. However, what is certain is that this number is constantly increasing. A recent video from Bloomberg TV Africa affirmed that the number of breweries in South Africa was around 50 in 2014 and had doubled for the last two to three years (BloombergTV Africa, 2014). This number might be slightly underestimated as The Craft Beer South Africa Interim Steering Committee wrote in its report in July 2014 that *currently about 80 craft brewers and brand owners were eligible for full membership of Craft Beer South Africa* (Craft Beer South Africa Interim Steering Committee, 2014).

The market share of the microbrewery movement in South Africa is believed to approach 1% according to Hedley (2014) and BloombergTV Africa (2014). Hedley and Euromonitor International also mentioned the ongoing increasing success of Mitchel's Brewery, the first

[4] However, the current requirement production capacity for a microbrewery is defined at a provincial level according the Liquor Act no.59 of 2003 but only three South African provinces have put into operation this provincial legislation required by the Act (Truen *et al*., 2011). The latter only provides the micro-manufacture license to breweries producing 100 million liters of beer per annum (Republic of South Africa, 2004).

independent South African brewery (established in 1983 in Knysna) as the best example of the flourishing craft segment in the country (Hedley, 2014; Euromonitor International, 2014)

Even though this market share does not currently give much source of worry for the national brewer SAB, the latter has recognized the importance of the growing market as it has already attempted to launch three types of craft beers in 2014. The release of their No3 Fransen Street Brewery in 2014 was announced on the Beerhouse reference website for craft beers in South Africa (Slater, 2014).

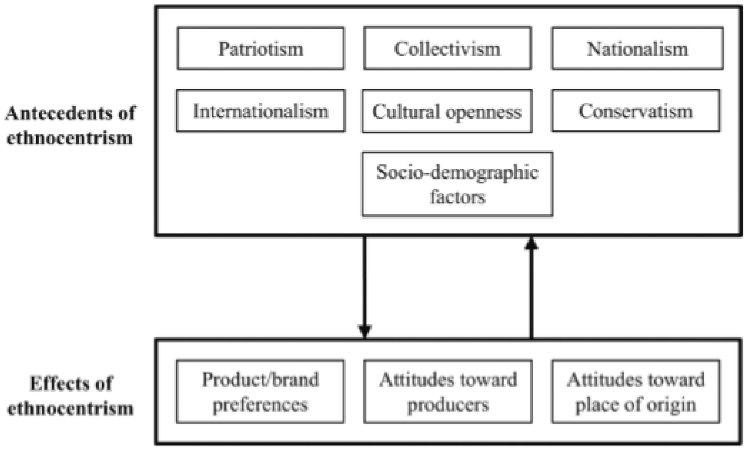
2.3 Consumer Ethnocentrism, Domestic Country Bias and Country-Of-Origin effect

A concept very important for WLIT Brewery and the introduction of its craft beer on the South African market is that of Consumer Ethnocentrism as is explained below. Leopold7 will soon be locally produced but currently is undeniably, a product "Made in Belgium". The following section helps the reader understand the impact on consumers of foreign versus locally made products in the light of the existing literature on the topic.

2.3.1 Definition of the concepts

Consumer Ethnocentrism (CE) is a concept that has been studied by various authors for more than a century. Its first origin dates back to the beginning of the twentieth century (1906) with Sumner introducing the social concept of ethnocentrism as *the view of things in which one's own group is the center of everything, and all others are scaled and rated with reference to it* (Sumner, 1906, p. 13). It is only decades later that Shimp & Sharma first introduced the concept of Consumer Ethnocentrism as *a unique economic form of ethnocentrism that captures the beliefs held by consumers about the appropriateness and indeed morality of purchasing foreign-made products* (Shimp & Sharma, 1987, p. 280). According to them, the more ethnocentric the individual, the more negative his evaluation and attitude towards imported goods. This perception might be due to the possible negative impact of imported goods on the domestic economy. Siemieniako *et al*. (2011) summarized the antecedents and effects of CE in the figure below. Another useful concept related to CE is the "domestic country bias" (DCB) and is referred to as the *individual differences in terms of a traitlike property of an individual's personality called consumer ethnocentrism* (Shimp & Sharma, 1987, p. 280). In simple words, Karnwendo *et al*. (2014) mention that *the greater the DCB, the greater the likelihood that the individual will exhibit high levels of CE.*

Figure 4: Antecedents and effects of Consumer Ethnocentrism



Source: Siemieniako *et al*. (2011)

The publication from Shimp and Sharma was of a great importance as it introduced the notion of CETSCALE, a scale used to measure the "tendencies" of ethnocentrism of consumers towards foreign-made products compared to American-made products (Shimp & Sharma, 1987). This scale uses 17 items to evaluate the tendency of ethnocentrism (see Appendix 7) but can also be customized depending on the situational factors (country, type of products etc.) as was the case in the Pentz *et al*. (2014), Karnwendo *et al*. (2014) and Balabanis & Diamantopoulos (2004) articles.

Balabanis & Diamantopoulos (2004) have examined the relation of the DCB of ethnocentric individuals and specifically if this DCB was *uniformly dispersed across different product categories and different foreign countries* (Balabanis & Diamantopoulos, 2004). The answer to that question turns out to be negative in the light of their analysis. Their work first reveals that there exists a difference between consumer preferences and CE tendencies across product categories. Therefore, the two authors recommend **using a product-specific approach while measuring CE in a country** and not jumping to the conclusion that the tendency of CE is the exact same towards all product categories. They also highlight the fact that consumer preferences for domestic products are not identical across all foreign countries (Balabanis & Diamantopoulos, 2004). This means for example and hypothetically that South Africans might privilege domestic beers compared to French beers but on the other hand, they might favor Belgian beers versus the same domestic beers.

But our core focus here is the topic of CE in relation with WLIT Brewery and there has not been much literature in the field of CE combined with the brewing sector in South Africa specifically. However**, CE towards beer at a regional and national level** has been studied by Siemieniako *et al*. (2011) in Poland and CE in South Africa towards foreign convenience product has been the subject of Pentz *et al*. (2014). Karnwendo *et al*. (2014) have also written an article about it oriented on the demographics of CE in a developing country context. Here below are the major conclusions of those articles.

2.3.2 Consumer Ethnocentrism towards beers

The article about national and regional CE towards beers in Poland studies the attitudes and behaviors of Polish consumers linked to ethnocentrism when it comes to consuming local beer brands. It highlights the lack of studies at a regional level which in fact represents a strong influence on consumers as *regions are less inclusive than nations* (Siemieniako *et al*., 2011). The article reveals that when talking globally at a national level, what defines a Polish beer (for the Poles interviewed) is that the beer's physical origin, its ingredients and its recipe all have to be Polish. Those elements give evidence to **the importance given to brand image** more than the ownership of the brand itself and that this image has to be heavily based on their *regional connection and associations* (Siemieniako *et al*., 2011). However, this observation has to be put in relation with the conclusions of Karnwendo *et al*. (2014) claiming that the South African respondents showed disagreement with the notion of domestic production of foreign-owned brands.

Another surprising element of the study is the positive perception of the beer brand by consumers when it is produced in their own country (Poland in the case studied) no matter if the ownership is Polish or not. However, male and female respondents to the study disagreed on that point as females highlighted the benefits of foreign management or ownership while men had more nationalistic views on the issue. This shows that what the male respondents claimed did not automatically translate into facts and behaviors. The last notable fact about regional ethnocentrism is the importance given to the brand owner's activities to connect with the local identity of the region. It seems like consumers of a regional beer have a sort of moral duty to buy the local brand as they feel attached and connected to it through the various activities of the company aiming to support the local communities (Siemieniako *et al.,* 2011). This managerial recommendation for domestic firms to engage and participate in causes that impact the local communities was also noted in Pentz *et al*.'s (2014) article. These latter insist on the efficiency of communicating with their consumers about their local initiatives through social media such as Facebook or Twitter (Pentz, *et al*., 2014).

2.3.3 Consumer Ethnocentrism in South Africa

The two articles analyzing ethnocentrism in South Africa support each other in highlighting the general **ethnocentric character of South African consumers** but at varying levels and differences depending on demographic factors (Pentz *et al*., 2014 & Karnwendo *et al*., 2014). This finding is also supported by Estifanos (2003) depicting the least ethnocentric segment and thus logically more open-minded to overseas products to be that **of young and higher educated South African consumers.** This particular segment is therefore of greater interest to target for foreign-made manufacturers and managers (Estifanos, 2003). These findings are supported by Pentz *et al*. (2014) who add to those demographic results, that **younger consumers and those with higher incomes** also seem to be less ethnocentric. The ethnocentric tendency of South Africans is also proven by the **general preference for domestic products** revealed by Karnwendo *et al*. (2014).

Another major finding in the field of CE is the differences in the relevance of demographic factors depending on the ethnicity of the consumers (Pentz *et al*., 2014). The results show that for both white and black respondents, age and income influence CE. However, according to Pentz *et al*. (2014), different marketing strategies should be applied to the subgroups of white and black consumers as each group shows differences in the significance of the gender factor in CE intensity. The other article studying the relationship between CE and demographic factors (age, ethnicity, gender and education) finds support for a higher level of CE within the group of the Black respondents (Karnwendo *et al*., 2014). This finding is also supported in the results of Pentz *et al*. (2014) but these latter specify that those findings might be nuanced by the predominant presence of the Black African ethnicity in the sample.

Moreover, Estifanos (2003) found that South African consumers put a higher consideration towards Country-Of-Origin (COO) information when products originated from developed countries rather than from developing countries, but this did not prevent the respondents of his study from also giving a high rating to products originated from South Africa. This last element could be due to the high level of patriotism of the South African consumers as revealed by the University of Chicago's National Opinion Research Center (NORC) who ranked South Africa within the top ten of the world's most patriotic countries (Fisch, 2012)

Lastly, the "Proudly South African" campaign seems to be a very important and effective tool in raising consumer's awareness about the importance of supporting local businesses as was mentioned by Estifanos (2003), Karnwendo *et al*. (2014) & Pentz *et al*. (2014). Most of the authors that have studied the topic of CE in South Africa unanimously recommend the **importance for companies to recognize and to relate with the South African identity** in order to successfully market a brand in the country (Karnwendo *et al*., 2014; Pentz *et al*., 2014). The other notable managerial recommendation is to use a "multi-local marketing strategy" in order to address the multiple ethnicities present in South Africa and to specifically target their preferences (Pentz *et al*., 2014). This strategy has been applied by the South African Breweries in the past as was explained in section 2.1.1 by Mager (2005).

This chapter about beers in South Africa has enabled the reader to get some insight into the fastest growing market of the African continent.

Although the craft beer market share is still insignificant within the beer category compared to the national mass produced beers, its potential of growth is enormous. Moreover, its targeted consuming class (mid- to high disposable income) shows good signs for the future of the market as their expenses remain unaffected despite the overall economic uncertainties in South Africa. The innovative character of the segmentation addressed to women also gives the craft beer market an advantage compared to the traditional mass producers of beers whose segmentation has mainly remained masculine so far.

Finally, South Africa has been reviewed as a relative weak ethnocentric nation towards foreign-made products. However, the South African identity is important for South Africans as was shown through the "Proudly South African" campaign. The authors cited in this chapter highlighted the importance of using "multi-local marketing strategy" to address each ethnicity present in the country.

3. CONSUMER BEHAVIOR OVERVIEW IN RELATION WITH LEOPOLD7

Consumer Behavior (CB) is an incredibly large marketing topic that has been studied in multiple books and articles. This third chapter will focus on consumption behaviors and their implications in relation with Leopold7.

The Leopold7 craft beer is an **alcoholic product** and there exists extensive literature about consumption behaviors towards alcoholic beverages, this will therefore be the topic of interest in section 3.1.

Also, Leopold7 is a relative **new product** on the South African craft beer market. This means it is of a great interest to get a deeper insight about the consumption patterns of people towards new products. Section 3.2 will cover this topic and review articles about it.

3.1 Consumer Behavior towards alcohol consumption

We first review the various roles of alcohol from an anthropological point of view. Alcohol can have different symbolic roles as well as ritual roles depending on the situations. So is the case for drinking places who have their importance as well as will be seen later.

The second scope of analysis is axed around globalization and its impact on alcohol consumption.

3.1.1 Anthropological view of alcohol consumption

The Social Issues Research Centre (1998) published a very complete and global analysis of the various roles of alcohol and the reasons that push people to consume it depending on the cultural and social characteristics of societies. Before elaborating on the specific roles endorsed by alcohol, the report first mentions that since authors started publishing on that topic, alcohol unanimously remains a social act. This was generalized half a century ago and remains undoubtedly true today:

> *Drinking together generally symbolizes durable social solidarity – or at least amity – among those who share a drink* (Mandelbaum, 1965, p. 17).

The report mentions that when it comes to generalizing the uses of alcohol among nations, some common features can be highlighted. First of all, alcohol is **to be shared**. Many cultures claim the importance of sharing this substance with other people (take for example the tradition of 'toasting'). This act of sharing sometimes also involves Gods or dead people for certain religions and cultures. The second main and unanimous character of alcohol across most cultures is its **reciprocal character**. This means that alcohol is to be exchanged between its fellow drinkers, an example of this being the world renowned practice of 'round-buying' and the importance of alcohol in many political or professional situations to build on networks.

The report then enumerates the **symbolic roles** attributed to alcohol consumption, they are briefly summarized here below (The Social Issues Research Centre, 1998).

The first symbolic role given to alcohol is that of being a ***situation definer***. It is clear that some sorts of alcohol are naturally associated with specific situations or occasions. Champagne is the best example as it represents the symbol of celebration and usually defines a situation where something is to be celebrated. In France, alcohol is also a situation definer, but in another way, as alcoholic beverages are drunk in a specific order.

Second, alcohol is a ***status indicator*** as the choice of beverage made by someone gives an indication of his/her social status. In most cases, local beverages are apparently associated with lower status compared to foreign beverages that convey a sense of luxury (The Social Issues Research Centre, 1998). This also has been shown in Pettigrew & Charters' article (2010) where they wrote that *alcohol may have a symbolic role in providing a means of communicating status to others*.

Statement of affiliation is the third symbolic role of alcoholic beverages. An alcoholic drink indeed stands as a sign of belonging to a certain community, group, way of living etc. The example of particular national drinks expressing a certain sense of national identity is a good illustrations of that symbolic role. Those refusing to drink national drinks or gradually changing drinking habits to go from traditional drinks to more 'modern' and 'sophisticated' drinks are often a revelator of social changes (Mandelbaum, 1965). Pettigrew & Charters (2010) also mention that consuming imported alcoholic beverages displayed signs of belonging to an international community in certain societies.

The last symbolic role reported by the Social Issues Research Center (1998) is alcohol as a ***gender differentiator***. On the one hand, some beverages are always associated with women whereas others are linked to males (implicitly if not explicitly). On the other hand, in some countries female drinking is totally disapproved amongst the society. There also exists distinct differences in drinking patterns between males and females (Ritchie *et al.,* 2009). In this field, it is interesting to mention that the craft beer category seems to operate a big change in the beer drinking patterns that have so far associated beers with a more masculine product.

Human beings' lives are punctuated by **rituals** and this is true for any culture. Alcoholic beverages are very often, connected or play a role in those rituals. The report written by The Social Issues Research Centre (1998) introduced two classifications of rituals (transitional and festive) and highlighted the role of alcohol in each of them. ***Transitional rituals*** exist in every culture and are almost all related in some way, to alcohol. We can first distinguish ***life-cycle transitions*** (from celebrating birth and later marriage to 'rites de passage' associated with death) where alcohol is almost always present as part of them either for the purpose of consumption, exchange or offering. Lesser than the life-cycle transitions, but also ritualized in many cultures, are ***lifestyle transitions*.** These can also be distinguished as a type of transitional rituals and are most of the time accompanied with drinking to symbolize the transition (graduation, job promotion, house-warming, retirement etc.) (The Social Issues Research Centre, 1998). Furthermore, there are also ***habitual transitions*** which have less significance than important steps in life but where alcohol can also be the marker of those transitions. Events such as the stop at a bar on the way back home from work (known as an 'after-work' drinking session (Gusfield, 1987)) represent such transitions and aim at decompressing. However, it is important to note that in some cultures, drinking happens in the opposite direction, with alcohol marking the habitual transition on the way from home to work to encourage and give energy to people. Alcohol can also highlight the transit from a 'special' to a 'normal' time with the example of Jews drinking wine at the end of the Sabbath to end the sacred day and welcome the rest of the week (Mandelbaum, 1965).The second category of rituals is that of ***festive rituals*** which are almost indivisible from alcohol in most cultures**.** This 'celebratory' reason for alcohol consumption has been mentioned as one of the main reasons for alcohol consumption from an anthropological point of view by different authors (Douglas, 1987; Heath, 2000).

McDonald (1994) mentions that the role of alcohol in festive rituals (festivals, parties etc.) is more evident and easy to identify in *'ambivalent'* drinking cultures such as England (where drinking is accepted as long as it is related to a special reason) whereas in *'integrated'* drinking cultures (where drinking requires no special justification and is therefore just integrated in the normal daily life) as is the case in France.

Finally, besides the role of alcohol itself in social contexts, the same report elaborates on the **role of drinking places** among different cultures & societies. A drinking place is the physical representation of what alcohol stands for in terms of its roles and its meanings culturally. Similar to alcoholic beverages, a drinking place also has different social functions (The Social Issues Research Centre, 1998).

First, it acts as ***a separate world***. The drinking place sets a clear separation between two different social contexts in societies considered as 'ambivalent' towards alcohol (where alcohol can be a sensitive societal topic) as it allows the drinkers to escape from everyday work and home pressures (Campbell, 1991). This separator role is nonetheless also significant in cultures where drinking is not an ambiguous topic as it still represents a transition between two different social contexts such as home and work for example. A drinking place can also facilitate ***social integration.*** It is indeed an environment in which conventions about social classes fall or at least faint and therefore favors social integration. Finally, a drinking place acts as ***social bonding*** as it is a place in which social interactions are facilitated and in which sharing and exchanging becomes primordial for most people. The importance of those social interactions even seem to overpass the act of consuming alcohol itself in some societies as *attendance at a particular type of venue may be of much greater importance to consumers than the consumption of alcohol, to the extent that alcohol consumption will be feigned to justify their presence* (Pettigrew & Charters , 2010, p. 218).

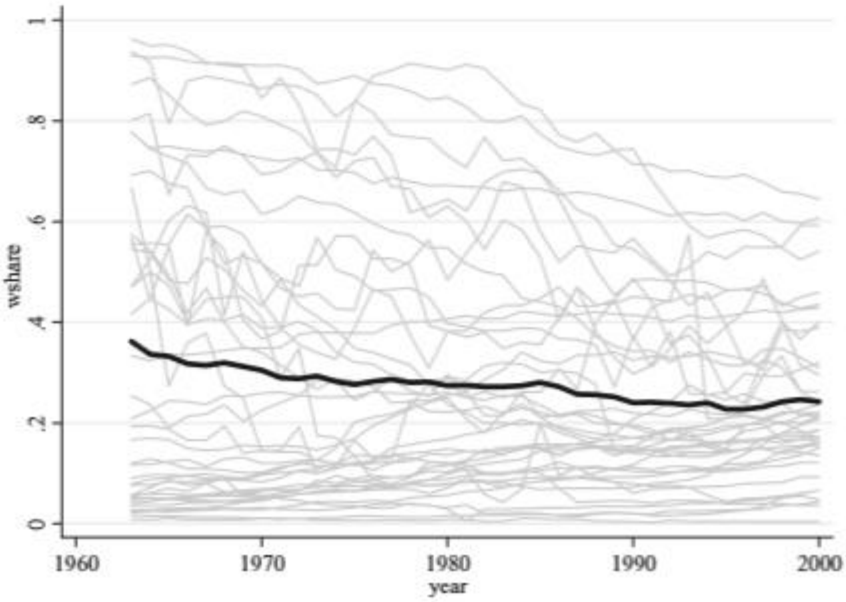
3.1.2 Alcohol consumption impacted by Globalization

The anthropological analysis of the role of alcohol in the previous section highlighted some interesting characteristics about alcohol consumption.

It is also interesting to have a closer look at the consumption patterns of alcohol and their evolution through time and globalization of the world. Aizenman & Brooks (2008) studied the consumption patterns of wine and beer in 38 countries during the years 1963-2000 and found empirical results on which they could build a theoretical model based on globalization and taste convergence. The empirical results of their study show that *countries whose consumption is* *wine-intensive in 1963 become relatively more beer-intensive as time goes on* (Aizenman & Brooks, 2008, p. 219). This is indeed the case for the 'Developing countries' group (in which South Africa is included). The same is observed with beer-intensive countries in 1963 whose wine consumption tends to have increased in 2000.

Aizenman & Brooks (2008) then explain based on those empirical results that globalization has definitely led to convergence in wine consumption. It has allowed some countries to get access to wine (by becoming integrated economies) and similarly by allowing countries with an initial high grape production to get access to a greater variety of alcohol and to diversify their consumption thanks to the progressive fall of trade barriers. This is what we call **convergence** and can be seen on the figure below as all the wine shares of the 38 countries anualized are plotted for 1963 and 2000 and we clearly see a convergence in the plotting of the points.

Figure 5: International Convergence in Wine Shares (the bold curve is the sample means)



Source: Aizenman & Brooks (2008)

According to the authors, beer and wine tastes are based on a generic **habit formation model** (the original model was initially developed by Pollak[5] (1970). Their assumption is that wine

[5] The economic model of Pollak (1970) relies on the fact that current tastes and consumption patterns are influenced by past consumption patterns.

and beer tastes are shaped by *habits, income, endowment and prices* (Aizenman & Brooks, 2008). Similar to Pollak (1970), they conclude that children's habits are shaped by their parents' consumption patterns. As it is not the economic aspects of the model that are of interest here, they will be ignored in the rest of the section. Greater focus will be put on the behavioral explanations and assumptions behind the model. In addition to the habit formation justification, it is of a great importance to take into account the **role of culture in alcohol consumption patterns.** This is consistent with the model of habit formation as *children derive utility from consuming products similar to their parents* (Aizenman & Brooks, 2008, p. 231). This last observation is to be put in perspective with colonial influences in certain countries as the number of European descendants is variable depending on countries and *provides a cultural explanation for high wine consumption* (Aizenman & Brooks, 2008).

Finally, unlike the model of Pollak that takes into account past habits, Aizenman & Brooks (2008) note that habit formation in alcohol consumption patterns of people could also be a function of external habits of people surrounding them (Duesenberry, 1949). This pattern is called ***'Keeping up with the Joneses'*** and implies that individual preferences and consumption patterns are derived based on the comparison with the consumption of a reference group. This reference group may also be influenced by globalization as mentioned in the article of Aizenman & Brooks (2008) and this by *impacting overtime the definition of 'the Joneses' as well as their tastes* (p.229). Indeed, higher immigration and increase in the tourism rates worldwide are both consequences of globalization and could explain the taste convergence in the countries analyzed. This tendency has been well summarized in the report published by The Social Issues Research Centre:

> *The anthropological literature shows how central aspects of culture can radically shape the ways in which people learn to drink and the patterns of behavior which are associated with alcohol consumption. It is also clear that the process of "acculturation", whether induced by colonial domination, tourism or economic and cultural 'convergence' such as that currently occurring in parts of Europe, can introduce styles of drinking with which previously existing cultural frameworks are unable to cope* (The Social Issues Research Centre, 1998, p. 230).

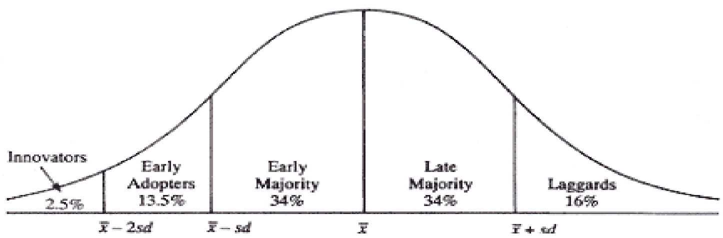
3.2 Consumer Behavior towards a new product adoption

Elaborating on new products becomes more and more complicated, while the risk of a new product failing does not decrease throughout years (Kotler & Keller, 2009). In the retail sector, 22% of new products have to be removed from the shelves within one year and even more striking is the figure of 75% which represents the failing rate of the new product introductions within 2 years after their launch (Kotler & Keller, 2009).

However, innovation is nowadays an essential key success factor for companies and marketing plays an important role in it. It is therefore of a great importance to fully understand consumer behavior towards the adoption of new products. The following section addresses this topic while keeping in mind the connection with the introduction of Leopold7 on the South African market. There exists a broad range of literature in relation with consumer behavior on new product adoption. Only a select few that seemed relevant to the topic of interest of this thesis will be further cited. It is first very important to identify the various kinds of adopters among consumers and to adapt the marketing strategy consequently to seduce the right type of adopters (Rogers, 1983).

Rogers (1983) published a classification of adopters that closely looks like a normal distribution as can be seen on the figure below. The different categories are then briefly described.

Figure 6: Adopter categorization on the basis of innovativeness



Source: Rogers (1983)

He first identifies the ***innovators*** group that is composed of people enthusiastic about new technologies and eager to change, they are the type of risk takers that can handle uncertainty. They are also ready to accept that some innovations may ultimately be considered failures. The innovators play an important role as they are the link that brings new innovations into social systems. Also, they are known to be more of a cosmopolitan group than the other groups (Rogers, 1983).

Second, comes the group of the ***early adopters***. This one is more prudent than the first one and are **opinion leaders** among the adopters, which gives them a certain form of respect compared to their peers from the other groups. Other studies revealed that younger, higher income and better educated consumers are quicker to show a more positive attitude towards product innovation and would therefore fall into the category of early adopters (Gatignon & Robertson, 1985; Wang, Dou & Zhou; 2008). Although Rogers (1983) agreed on most of those observations, he does not differentiate early adopters from later adopters in terms of age.

Then comes the ***early majority*** group that adopts innovations if they have been previously approved technically and commercially. Few leadership positions exist within this group and they often need some time to make a decision of adopting a new idea.

The ***late majority*** constitutes the fourth group of adopters, they are characterized as *skeptical and risk averse people*. They will not accept innovation unless the general opinion has done so and all of the uncertainty around this innovation has disappeared.

Finally, the group of ***laggards,*** who constitute the last type of consumers to adopt an innovation. The latter are focused on the past and tradition. As their financial resources are limited, this group is particularly careful about the acceptance of an innovation, until the point that sometimes, another more recent innovation is already available on the market by the time they buy it.

Those different categories of adopters need to be targeted carefully by marketers and with different strategies regarding diffusion process, price, distribution channels and communication. However, the identification of those categories can be very difficult as one can be an innovator in one type of innovations (e.g. cars) and a late adopter in another one (e.g. fashion) (Kotler & Keller, 2009).

Consumer behavior and new product adoption (NPA) has also been approached by Timmor & Katz-Navon (2008). The two authors based their study on the Optimal Distinctive Theory elaborated by Brewer (1991) that postulated *the human needs for validation and similarity to others (inclusion of the self into social collectives)* which is referred to as the **need for assimilation** and *a countervailing need for uniqueness and individuation (differentiation of the self from others)* which is referred to as the **need for differentiation** (Timmor & Katz-Navon, 2008, p. 250). Those two competing needs are in contrast and Brewer (1991) specifies that they exist simultaneously within each individual. In addition to this assimilation and differentiation from others, Timmor & Katz-Navon (2008) added the factor of the **influence of the group size** of people that have already adopted a new product and studied the impact of this group size on the NPA behavior. The conceptual model developed by the two authors is based on the contingent effects of the need for assimilation, the need for distinctiveness and the perceived group size on the NPA behavior of consumers. Individuals will base their choices on their perception of the size of the group. If the group is composed by people that have already adopted the product and is considered as the majority by the individual, they will have greater chance to adopt the product too. This phenomenon is referred to as the ***'bandwagon effect'*** by Timmor & Katz-Navon (2008) and is explained through a *'cognitive'* reason to accept the product because if the majority of consumers has accepted it, then it should be a sign of quality or validity. The second explanation for this effect is more *'emotional'* or *'social'*, as the bigger the number of people having adopted the product, the lower the social risk of adopting it. This effect is variable depending on the individual need for assimilation and distinctiveness. As a consequence of this effect, Timmor & Katz-Navon (2008) theorize that *the effect of group size on adoption is moderated by whether the particular group size satisfies the person's need for assimilation and for distinctiveness, and their interaction* (p.257).

Another contingency approach of consumer behavior and NPA was published by Wang, Dou, & Zhou (2008). Unlike the two authors cited previously, Wang, Dou & Zhou (2008) studied the **influence of five consumption attitudes** (*attitude towards personal advice, savings, existing products, independent decision making and high-tech products*) and analyzed those attitudes and their interaction with consumer demographics to evaluate their impact on NPA. According to them, there exists a positive relationship between consumer's NPA and the preference for personal advice and also a consumer's NPA and the preference for high-tech products (as was also highlighted by the category of innovators of Rogers in 1983). The adoption of market's innovation was negatively related to the preference for existing products, which seems logical as this type of attitudes is seen with people who are *unwilling to replace old, still functional products with new products* (Wang, Dou, & Zhou, 2008, p. 249).

Those various studies show the importance **of correctly targeting the adopters of an innovation**. The different categories of adopters by Rogers (1983) need to be targeted carefully by marketers and with different strategies regarding diffusion process, price, distribution channels and communication. However, the identification of those categories can be very difficult as one can be an innovator in one type of innovations (e.g. cars) and a late adopter in another one (e.g. fashion) (Kotler & Keller, 2009). Also, as Wang, Dou & Zhou (2008) mentioned in their article, the use of demographics (age, income and education) to identify and target consumers is an important and useful tool but they concluded that each demographic group does not show identical consumption attitudes. Younger consumers with higher incomes actually do not seem to be very influenced by their consumption attitudes (e.g. in adopting new market offerings). However, marketers should pay greater attention to understanding the consumption attitudes of older and lower income consumers as their consumption attitudes have been proven to have an impact on their NPA process (Wang, Dou, & Zhou, 2008).

The anthropological view of alcohol consumption and its relation with rituals and drinking places highlights the importance of alcohol in societies. Globalization has been proven to have led to taste convergence in most nations in the world and the importance of culture and habit formation in alcohol consumption is also crucial in shaping drinking patterns.

Also, Leopold7 as a new product is facing the NPA process. Therefore, consumers need to be targeted carefully in terms of adopter categorizations and consumption attitudes.

4. BRANDING

This fourth and last chapter of the theoretical part highlights the importance of a brand and its impact on consumers and the need of differentiating a brand in order to have a visible and sustainable impact and competitive advantage.

Leopold7 is a brand that evolves in a very competitive environment where differentiation is needed (see Murray & O'Neill, 2012; Clemons, Gao, & Hitt, 2006). Also, as Orth *et al*. (2004) mentionned in their work, craft beers are fast-moving consumer goods (FMCG) and therefore do not necessitate a large involvement from the consumers in their purchase decision process. As a consequence, consumers are more likely to give a higher importance to external elements such as the brand name or the packaging instead of looking intensively for product information (Orth *et al*., 2004). The relevant literature to address this topic is reviewed in this chapter.

Section 4.1 approaches the brand as a strategic differentiation tool while section 4.2 defines a brand and reviews the concept of brand equity to measure the value of a brand. Finally, the last section (4.3) explains and reviews the concept of Foreign Branding.

4.1 A brand as a Strategic Differentiation tool

As some authors have discussed in their articles, the niche market represented by craft beer is based on a product differentiation strategy. People are nowadays more and more demanding of diverse product portfolios (see Murray & O'Neill, 2012; Clemons *et al*., 2006). The rise of craft beers is a response to the increasing demand of consumers for products differentiated from the mass production companies offerings and the biggest growth rates are observed for the most differentiated beers (Clemons *et al*., 2006).

Porter (1980) proposed three generic strategies for a company to gain a competitive advantage. One of the three is a **Differentiation Strategy** which allows the company to differentiate itself from the industry and to offer a product that is unique. To achieve this, one possibility is to work on the **brand image** of the product in order to develop brand loyalty and to prevent potential competitors to enter the market thanks as a result of the uniqueness of the product. Another of the three generic strategies is the **Focus or Niche Strategy**. The craft beer companies could be believed to follow this kind of strategy, consisting of focusing on a particular buyer group or product segment. This is indeed true, but when looking closely at the functioning of the Niche Strategy, it actually means that a company achieves differentiation in a small and/or defined part of the market, which in a way, results in using a kind of Differentiation Strategy. We can therefore conclude on the use of a "Differentiation/Niche Strategy" by craft beer marketers.

4.2 Definition of concepts around the brand

4.2.1 Definition of a brand

A brand is an important aspect of a product and a valuable tool in helping differentiating its offerings from those of competitors. Several authors have defined the concept of a brand (see Aaker D., 1991; Kotler & Keller, 2009; Keller & Lehmann, 2006; Meister, 2012). The American Marketing Association defines it as follows:

> *A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller, or group of sellers and to differentiate them from those of competitors* (Meister, 2012, p. 8)

A brand has an essential role both **for consumers as an *identificator* and differentiator and for the companies as a *strategical tool*** (Kotler & Keller, 2009). By building strong brands, *the marketing communication effectiveness can be highly increased* writes Keller (2009, p.140). Also, a brand goes well beyond a simple definition of attributes, the concept of a brand can indeed be articulated around 6 different areas defined by Kotler & Keller (2009) in their book (p.309):

- *A set of attributes that define the brand*
- *A set of advantages or benefits for the customer, they actually are the explanation behind the set of attributes*
- *A set of values*
- *A certain culture reprensented through the corporate culture but that is also sometimes linked to the country-of-origin of the brand.*
- *A personality that is associated to any brand and that can be characterised with human characteristics*
- *A typical user profile of the brand*
- *An experience for the consumers that is linked with and specific to the brand*

It is essential for a company to define and manage all of these aspects. Kotler & Keller (2009) also explain that companies will focus more on certain aspects of the brand depending on the dimensions evaluated as important to buid up a strong brand identity.

To position their brand correctly, marketers first need to **segment their market** accordingly by using criteria such as *consumer needs, characteristics, lifestyles and behaviors* (Orth *et al.,* 2004). Orth *et al*. (2004) have depicted the great importance of knowing what kind of consumers lifestyle looks for a certain type of benefits (and inversely), in order to adapt the communication strategy accordingly (e.g. advertise strongly on TV for the people who like watching TV if they fall into the targeted category). They highlight this strategy especially for products such as craft beers for which people mostly look for the brand benefits and less for the product specifications as their purchase process is relatively quick. They also claim the great utility and added value of collecting consumer data for marketers as this data helps them better *address and persuade* consumers (Orth *et al.,* 2004). Because craft beer drinkers are mostly *a niche group of buyers for whom specialist beers appeal*, we also need *to consider the type of people who will drink such a product alongside the social aspects of any promotion* (Orth *et al*., 2004, p.107,108). Their results show that *preferences for craft beer brands are related to consumer lifestyle (*Orth *et al.,* 2004).

Also, their research shows that craft beer drinkers can mostly be categorized into the *"Introvert individualists"* and the *"Rushing adrenaline addicts"*lifestyle segments (Orth *et al.,* 2004). The first category regroups people in search of more *sophisticated activities* but not necessarily in groups while the second category is composed by people who practice *lifestyle activities that involve excitement and motion* (Orth *et al*., 2004).

By identifying the lifestyle characteristics of the consumer targeted, the brand managers are able to tailor their brand by only communicating the relevant benefits to the segment targeted.

4.2.2 Brand Equity

The value of a brand is determined by its **brand equity** that represents a considerable intangible asset depending on thoughts, feelings and actions made by customers in relation to the brand but also on the price, the market share and the financial profitability of that brand (Kotler & Keller, 2009). The higher the brand equity, the more valuable the brand is for the company and the *higher the ability to attain real and sustainable competitive advantage and to create significant barriers to competitors* wrote Meister (2012, p.12).

To build, measure and manage brand equity, multiple authors have used different perspectives based either on the customer, the company or the financial dimensions of the brand (Keller & Lehmann, 2006). Those perspectives can be used a priori (when designing the brand strategy) with the help of different models or a posteriori (to evalue the brand equity) most often with the help of a *brand audit* (see Keller & Lehmann, 2006; Kotler & Keller, 2009).

The **customer-based brand equity perspective** is defined as *the differential effect that consumer knowledge about a brand has on their response to marketing for that brand* (Keller, 2009). It is represented as *the attraction to (or repulsion from) a particular product from a particular company generated by the "nonobjective" part of the product offering, i.e., not by the product attributes per se* (Keller & Lehmann, 2006 p.745).

The **company-based brand equity perspective** is defined as *the additional value (i.e., discounted cash flow) that accrues to a firm because of the presence of the brand name that would not accrue to an equivalent unbranded product* (Keller & Lehmann, 2006 p.745).

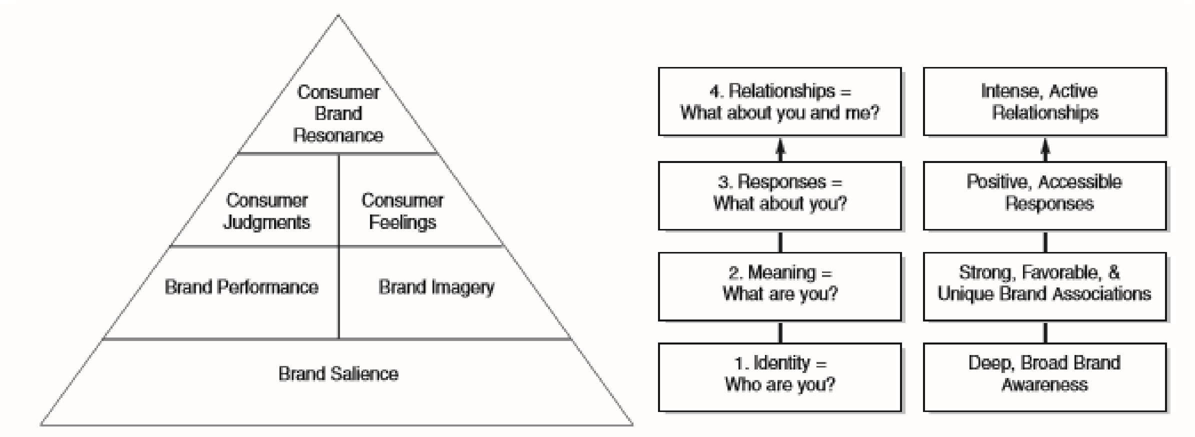
The **financial-based brand equity perspective** is defined as *the price it brings or could bring in the financial market and thus reflects expectations about the discounted value of future cash flows* (Keller & Lehmann, 2006 p.745).

As this thesis and its problematic approaches a more consumer-centered perspective, a higher emphasis is given to the **customer-based brand equity perspective**. This model is axed around the words and actions of consumers (Keller & Lehmann, 2006) and Kotler & Keller (2009) consider the brand equity as positive if the consumers react more favorably towards the product and its marketing once they have identified the brand. On the contrary, brand equity is evaluated as negative if the consumers' reactions become less favorable once they know the brand.

When the customer-based perspective is chosen for the assessment of the brand performance, Keller (2009) highlights the importance of studying **brand knowledge** in his article and especially two of its components, **brand awareness and brand image**. To do this, multiple models have been developed (see Aaker, 1996; Young and Rubicam's Brand Asset Valuator (BAV), Brandz pyramid) and although their detailed approaches are different they all seem to use *brand-knowledge structures in the minds of consumers [...] as the source or foundations of brand equity* (Keller & Lehmann, 2006).

One of the models, called **the Customer-Based Brand Equity (CBBE) model** and developoed by Keller (2001) is based on a series of sequential steps from the bottom to the top as can be seen on the figure below:

Figure 7: Customer-Based Brand Equity Pyramid



Source: Keller (2001)

Those four main steps (identity, meaning, responses, relationships) are composed of six brand building blocks and need to be carefully completed to reach the top of the brand resonance and achieve the brand building in its entirety. According to Kotler & Keller (2009), the brand resonance reflects the *nature of the relationship and the proximity established between the brand and its clients*. The two authors cite Harley-Davidson or Apple as examples of brands that have managed to reach the top of the pyramid with a true resonance. The sub-dimensions that underlie those 6 building blocks can be consulted in the appendix for more details (cfr appendix 8).

4.2.2.1 Marketing communication channels to impact Brand Equity

There is an increasing number of marketing channels for a company to utilize in order to build up and manage a strong brand. The mixing and coordination of different means of marketing communication is essential and leads to beneficial results in establishing the desired awareness and image in the minds of consumers (Keller & Lehmann; 2006, Keller; 2009). Some of these means of communication and marketing channels are reviewed in this section.

Kotler & Keller (2009) mention in this field the use of **personalized marketing**. This technique is reinforced by the current trend that tends to go away from mass marketing and advertising and returns to traditional, more individualized methods. Keller (2009) mentions that in our fast-changing communication environment, the use of the traditional mass media approaches to branding might not be the strategy of choice anymore. Even though it could be easy and tempting for small craft beer producers to use the same strategies as those used by the big beer producers to promote their product, Orth *et al*. (2004) warn craft beer producers of the danger of using big beer promotional strategies and recommend using direct marketing and *targeted approach*. This will allow craft brewers to adopt *variable positioning* depending on which type of consumer is targeted (Orth *et al*., 2004).

In his article, Keller (2009) wrote that *marketers have to go where the customers are and increasingly that is* ***on-line*** (p.147). A brief overview of the various interactive marketing communication options can be found in the appendix (cfr appendix 9). Meister (2012) and Muniz & O'Guinn (2001) also claim the relevance and need to communicate and promote brands with the help of interactive communication channels and especially with the help of **brand communities**. They define it as *a specialized, non-geographically bound community based on a structured set of social relationships among admirers of a brand* (Muniz & O'Guinn, 2001, p. 412). This tool is also mentioned by Kotler & Keller (2009) as a way to reinforce the attachement feeling towards the brand and as a result, the brand loyalty. In this field, Clemons *et al*. (2006) have also highlighted the importance of **online reviews in the craft beer industry** or *'word of mouse'*marketing as an important and effective promotional tool in order to persuade opinion leaders and consumers and to achieve product differentiation.

Another marketing tool used by some companies is the **internal sensibilization** (Kotler & Keller, 2009). In order to display a brand image towards consumers that is identical to the brand identity defined internally by the company, a permanent dialogue and communication with the company staff needs to be put in place.

Also, another marketing and communication channel possible to enhance and reinforce brand equity is that of **co-branding and mixing brands**. These associations and brand mixing can also be made with specific cultural or sport events. This enables the consumer to create secondary mental associations in relation with the initial brand (Kotler & Keller, 2009). However, Keller & Lehmann (2006) warn marketers of the fact that *borrowing equity from* *another brand does not necessarily build equity for the parent brand*. Great attention must therefore be given to the "fit" between the brands and the entities or events associated with said brand in order to not confuse or create incongruent images for the consumers.

A last marketing tool that can be deployed to develop a strong brand personality that is recognizable in a way that allows consumers for *identification and orientation* (Meister, 2012) is that of **brand humanization**. As Meister (2012) and Hede & Watne (2013) mention in their article, consumers need to connect and identify themselves with the brand, *a brand lives based on the inner pictures created in consumers' minds* (Meister, 2012). In order to connect emotionally with brands, Hede & Watne (2013) claim the importance for brands to be humanized through different strategies of brand humanization. To create this connection with consumers, marketers can make use of different techniques such as brand narratives that consist of storytelling to make brands more attractive and to give inspiration to consumers through those stories (Thompson, Rindfleisch, & Arsel, 2006).

Hede & Watne (2013) highlight in their article, the existence of three major strategic tools used by marketers in order to humanize brands, namely *anthropomorphisation, personification, and user imagery*. ***Anthropomorphisation*** refers to the strategy of attributing a spokesperson or a humanized icon to a brand (Hede & Watne, 2013). This icon can also be an animal in some cases and those figures are surrounded by stories and narratives. ***Personification*** refers to the process of attributing human personality traits to the brands of the surrounding environment (Aaker J. , 1997). This can often be seen with adjectives initially referring to humans but used to characterize brands. To theorize this, Aaker (1997) created ***five brand personality dimensions*** (sincerity, excitement, competence, sophistication and ruggedness) based on the "Big Five" human personality traits of Briggs (1992). Lastly**, *User imagery*** refers to the tendency of humans to look for brands that in a way reflect their personality. Images of brands are used to remind consumers of the human body (such as the perfume bottle of Dior's J'adore that reminds consumers of the female body) (Hede & Watne, 2013).

In addition to those existing strategies and unlike the three previous ones (anthropomorphisation, personification and user imagery) that are more marketer driven, Hede & Watne (2013) proposed making use of ***A sense of place*** (SoP). A SoP is *a tried and tested approach to branding destinations, creates closeness with consumers around local products through local history, heroes, stories and folklore, enriching the meaning of the invisible* *landscape* (Hede & Watne, 2013, p. 211). They claim that, thanks to storytelling that is especially linked to a particular place, *consumers can connect with both the place and the products and services associated with it*. Having studied this with more than 1000 breweries worldwide, their findings prove the presence of a SoP in many of the craft breweries analyzed. Green (2015) also concluded in her work on the necessity and usefulness to create that sense of place in the branding and marketing communications of the craft breweries in South Africa. In this field, the use of myths, heroes and folklores is believed to be very popular in *assisting to humanize the brand* (Hede & Watne, 2013). A good example highlighted by the two authors is that of the Belgian craft beer La Chouffe's gnomes in the "Vallée des Fées". Those little creatures provide the brand with a strong personality and in a way, serve as protectors of the breweries. Thus, *these brand narratives make a connection between the SoP via the icons, while bestowing the brands with humans characteristics* (p. 215) claim the two authors to justify the use of this strategy. Hede & Watne (2013) conclude their article by highlighting that craft breweries and SoP are a good match as the SoP can highlight the local aspect depicted by the brewers while giving a solid reference to their country-of-origin. This benefit was also underlined by Green (2015).

4.3 Foreign Branding

Leopold7 originally as a Belgian brand with a French-speaking brand name, definitely falls into the category of a product that is "foreign branded". It is pronounced as Leopold "sept" in French-speaking countries but turns into Leopold "seven" in South Africa.

The name of a brand logically influences the brand image element of a product and therefore contributes to its brand equity. Numerous products are associated with a 'foreign-sounding brand name' and even though those products can be *relatively unfamiliar, hard to pronounce, and perhaps less memorable than names derived from the English language, they nonetheless may carry positive associations that affect how consumers perceive and evaluate the products* wrote Leclerc *et al*., (1994, p. 263).

Leclerc *et al*. (1994) reported in their article of the positive impact of foreign branding for French brand names on consumers' perceptions and attitudes. They also studied the conjoint effect of country-of-origin information with the foreign brand name of a product. Those results seem to show that associating a "made in" label with a foreign brand name does not positively impact the hedonic perceptions of the products. It should, then, be more effective to *only use a* *brand name pronounced and spelled in a foreign language* (Leclerc *et al*., 1994). However, this article had only studied foreign branding for French examples and this does not allow the authors to generalize it for other foreign brand names. It is true though, that even though Leopold7 originated in Belgium, it has a French pronunciation and, therefore, falls partly into the experiments of Leclerc *et al*. (2004).

This last chapter of the theoretical part addressed and reviewed the very important topic of **branding** in relation with Leopold7.

A brand is a crucial and essential differentiation tool both for consumers and companies in the value creation of a product. As craft beers are Fast-Moving Consumer Goods (FMCG) and therefore do not necessitate a large involvement from the consumers in their purchase process, the focus on external elements of the brand is even more important. The value of the brand is referred to as the **brand equity** and can be measured from a customer, company or financial-based perspective.

The **customer-based brand equity perspective** can be approached with the help of the CBBE pyramid of Keller (2001) which is based on the brand knowledge (brand awareness and brand image) of customers in relation with the brand.

To build and maintain strong brands, the choice of the **marketing communication channels** is essential and needs to be carefully adapted to the audience targeted. Craft beers were born in consequence to a need for more differentiation and quality in the product offering of mass produced beers. Therefore, the use of **personalized marketing** or **brand communities** in their communication makes complete sense.

Also, **sensitizing the company staff internally** to display a coherent brand identity assures more coherency in the brand image conveyed, especially if the craft beer brand is to be associated with another relevant brand or entity (**co-branding or mixing of brands**) to increase the mental associations . Finally, another marketing communication tool very that has been proven to be useful for craft beer brands is the **brand humanization**. Humanizing the brand can be done via various strategic tools and the use of a sense of place (SoP) has been shown to be beneficial in highlighting the local aspects of craft beers.

Finally, the concept of **foreign branding** is relevant in relation with Leopold7 as it clearly has a foreign-sounding brand name in South Africa. The French foreign branding has been shown to have a positive impact on consumers' attitudes and perceptions by Leclerc *et al*. (2014).

It will then be left to the following chapters of the present thesis to apply the relevant literature and market analysis reviewed here to the product and the brand of Leopold7 in order to answer the research questions that follow.

PRACTICAL PART

5. RESEARCH QUESTIONS AND METHODOLOGY

5.1 Problematic and research questions

Through the previous four chapters presented, the reader has been able to get some insight into the relatively unknown and recent craft beer market. WLIT Brewery is presented and described as one of the numerous and flourishing craft brewers currently in n the South African market. Also, literature has been reviewed concerning the topic of consumer behavior and branding in relation with Leopold7 as an originally Belgian, craft beer recently displayed on the South African market. This literature review highlighted the importance to carefully differentiate your product as well as to narrowly identify your targeted consumers (see Orth *et al.*, 2004; Clemons *et al.*, 2006; Murray & O'Neill, 2011; Meister, 2012).

During my 6 month internship at WLIT Brewery, I realized we (our team consisted of 4 people) were not always fully aware of the segmentation of our clientele and of the brand identity we wanted to depict to consumers in South Africa. As a consequence, I also was lacking of perspective to clearly identify what our brand image was to consumers. Brasserie de Marsinne, that originally launched the craft beer Leopold7, started its distribution in Belgium and built up brand equity in relation within the Belgian market. Even though WLIT Brewery is a young and dynamic small enterprise that enjoys encouraging and growing sales, the very small structure of the enterprise coupled with the large amount of daily work for everyone, did not really allow employees to sit at a table and spend time strategizing and elaborating on the consumer segmentation and the brand identity of the product Leopold7. This observation led me to the desire of delving into the brand image developed by Leopold7 and its meaning in South Africa in order to be able to answer this first research question:

- What is the brand image of Leopold7 in South Africa?

Moreover, as a very cosmopolite population, South Africa and even more so, Cape Town, is full of cultural diversity as well as various consumption patterns. This observation led me to the desire and the need for further investigation a bit more closely into the consumer identity of the people drinking Leopold7 and therefore, to answer this second research question:

- What are the consumption habits of the Leopold7 consumers in South Africa? What are their motivations and inhibitions to consume Leopold7? Can they be classified in terms of:
    - Lifestyle/Consumption habits
    - Demographics

Finally, as Keller & Lehmann (2006) highlighted in their article, the brand is also essential in the determination of the *effectiveness of marketing efforts such as advertising and channel placement*. Therefore, and in the light of the answers to the two previous questions, I would like to attempt answering a third and last research question:

- What communication strategy to use?

5.2 Methodology

The selection of a research design in social research is not an easy task. Three broad types of designs that should not be considered as opposites but rather complementary can be distinguished according to Creswell (2009):

- Qualitative research *is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participant's setting, data analysis inductively building from particular to general themes, and the researcher making interpretations of the meaning of the data. The final written report has a flexible structure [...] Strategies of inquiry for this type of research contain ethnographies, grounded theories, case studies, phenomenological researches or narrative researches* (Creswell, 2009 pp.4, 13).

- Quantitative research *is a means for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. Like qualitative researchers, those who engage in this form of inquiry have assumptions about testing theories deductively, building in protections against bias, controlling for alternative explanations, and being able to generalize and replicate the findings. [...]*

Quantitative strategies of inquiry include survey researches and experimental researches (Creswell, 2009 pp.4, 12).

- Mixed methods *research is an approach to inquiry that combines or associates both qualitative and quantitative forms. It involves philosophical assumptions, the use of qualitative and quantitative approaches, and a mixing of both approaches in a study* (Creswell, 2009 p.4).

After considering the three different research approaches in relation to the three research questions I wished to answer, I mainly opted for the qualitative research method and I used a 'triangulation of data types' as referred to by Olsen (2004). This allowed me *to elaborate on the findings of one method with another method* (Creswell, 2009). Multiple authors acknowledged the utility of using different techniques to understand a research problem (Carter & New, 2004; Danermark, 2002; Sayer, 2000).

In the present case, I decided to first, collect qualitative data with the help of in-depth interviews, to explore the consumption habits and perceptions of consumers about the brand Leopold7. This first collection of data is then complemented with a consumer survey in order to identify a trend concerning the identity of the Leopold7 drinkers and their consumption patterns related to craft beer and Leopold7 in South Africa especially. This consumer survey is a hybrid between quantitative and qualitative questions. Quantitative questions aim at understanding how and to what extent consumers behave the way they do. On the other hand, qualitative questions give reasons to why consumers behave the way they do.

The gathering and deep analysis of those data collected allowed me to answer my three research questions expressed in section 5.1.

5.2.1 Qualitative data Collection: Semi-structured in-depth Interviews

I first decided to collect data from in-depth interviews to realize a sort of 'brand audit' as mentioned by Kotler & Keller (2009). This data collection was aimed at analyzing the current brand knowledge and perception of the consumers, in terms of identity, meaning, responses and relationships to the brand to identify the foundations of the brand equity and to evaluate its current state.

To structure my approach, the individual interviews were aimed at answering those four questions based on the Customer-Based Brand Equity model (CBBE) of Keller (2001) that was described in the theoretical part of this thesis (see section 4.2.3):

- Who are you? (brand **identity**)
- What are you? (brand **meaning**)
- What about you? What do I think or feel about you? (brand **responses**)
- What about you and me? What kind of association and how much of a connection would I like to have with you? (brand **relationships**)

Those interviews were conducted with the help of a semi-structured interviewing guide composed of thematic questions that can be found in the appendix (cfr appendix 11). The guide was inspired by the "Candidate Measures of Brand-Building Blocks" as defined by Keller (2001).

The semi-structured interviews allowed some flexibility to the interviewee and researcher around the topics addressed. They were aimed at discovering the conscious and unconscious motivations of the interviewee (Kotler & Keller, 2009).

I spoke with 6 different Leopold7 consumers of various profiles. After that, I also interviewed Alexandre Tilmans and Marquis Brown (Directors of WLIT Brewery) as their points of view are also valuable in order to compare and comment on the data gathered through the interviews of the consumers. I carefully selected Leopold7 consumers with different demographic characteristics (gender, employment status, age, nationality and ethnicity). Even though two thirds of them are expatriates, they all have been living in Cape Town for at least two years and therefore have a fair knowledge of the city and its craft beer market. I wanted the panel of interviewees to be representative of the expatriate community in Cape Town as the management of Leopold7 itself is constituted by two expatriates. Also, the interviewees are all fairly young, this was a voluntary choice as Cernivec (2014) and Euromonitor International (2014) mentioned the relative young age of the craft beer consumers. Below is a short description of each interviewee:

- Michel Halmes (Male, 26 years old, Leopold7 consumer, Belgian expatriate in South Africa for 2 years, resident of Cape Town)

- Maria Nesse (Female, 29 years old, Leopold7 consumer, Norwegian expatriate in South Africa for 2 years, resident of Cape Town)
- Elin Janson (Female, 34 years old, Leopold7 consumer, Swedish expatriate in South Africa for 2 years, resident of Cape Town)
- Mike Mudzudzu (Male, 29 years old, Leopold7 consumer, Zimbabwean expatriate in South Africa for 10 years, resident of Cape Town)
- Adam Mausenbaum (Male, 28 years old, Leopold7 consumer, South African, resident of Cape Town)
- Rudy Bridgens (Male, 26 years old, Leopold7 consumer, South African, resident of Cape Town)
- Alexandre Tilmans (Male, 33 years old, Director of WLIT Brewery, Belgian expatriate for 8 years in South Africa)
- Marquis Brown (Male, 31 years old, Associate Partner of WLIT Brewery, American expatriate for 2 years in Cape Town)

I explored questions and topics about their perceptions of the brand Leopold7 and investigated their behaviors and feelings about it. To do this, I used different techniques such as word associations, projective techniques, personification or progressive interrogation (cfr appendix 11 for the interviewing guide). Each interview lasted approximately thirty minutes depending on the capacity of the interviewees to expose his/her ideas, was recorded and then fully transcribed and examined (cfr appendix 13). I conducted a content analysis to analyze the interviews. This method is defined as *any technique for making inferences by objectively and systematically identifying specified characteristics of messages* (Bryman , 2001).

When designing the interviewing guide, I selected four broad, thematic categories based on the Customer-Based Brand Equity (CBBE) model elaborated by Keller (2001) and cited previously in Chapter 4. The questions and structure of the interviewing guide were axed around this codebook:

Table 3: Codebook for the interviewing guide

Thematic categories	Sub-categories
Brand identity: How well is the brand known	Depth of brand awareness Breadth of brand awareness
Brand meaning: Evaluation of the meaning of the brand through its image present in consumer's minds.	Brand performance: primary characteristics, style, design and price of the product Brand imagery: Typical user profile of the consumer, purchase and usage situations, personality and values of the brand and history, feelings and experiences towards the brand
Brand responses: The reactions of consumers towards the brand	Brand judgments: Quality, credibility, consideration for possible purchase or usage, and superiority of the brand. Brand feelings: Emotional response to the brand with the help of feelings
Brand relationships: Evaluation of the level of attachment and identification to the brand	Behavioral loyalty, attitudinal attachment, sense of community, active engagement

Source: Keller (2001)

In order to build up a solid answer to the first research question, stronger emphasis was put on **brand meaning** when determining the choice of the questions asked. This topic approaches the brand in terms of *functional, performance-related considerations versus abstract, imagery-related considerations* (Keller, 2001). Other elements of the CBBE were also approached and can additionally form broad categories to be analyzed.

By means of Atlas.ti, data from the interviews was coded into those categories (see table 3) and sub-categories and further analyzed in order to draw up similarities and differences in the words and answers of the respondents to answer the first research question expressed in section 5.1. A table summarizing most of the extracts of the data coded into the categories can be found in the appendix (cfr appendix 15).

5.2.2 Qualitative data collection: A Consumer Survey

A second collection of data was done through a consumer survey aimed at identifying some general trends (demographic and consumption patterns characteristics) about Leopold7 drinkers and their relationship with the brand Leopold7. The purpose of my survey was *to generalize from a sample to a population* (the Leopold7 consumers) *so that inferences can be made about some characteristic, attitude, or behavior of this population,* as Babbie (1990, in Creswell, 2009) wrote.

The online platform used to collect data was Google Forms as it is a very intuitive and easy-to-use survey tool for respondents as well as for the researcher. The primary data has been collected through several different distribution channels. An email containing the link to the survey was sent to a database of 60 contacts of WLIT Brewery in Cape Town (the database only contains consumers). The database only contained 60 contacts as it was the number of email addresses collected during different events in and around Cape Town by consumers willing to give away their email addresses. 35 valid questionnaires were collected after the email was sent. The survey was also published on the social media platform inviting people to answer it, but it only enriched the collection of data with 5 valid and usable questionnaires. The third and last channel used to distribute the questionnaire was the direct contact with and request to people drinking Leopold7 at public and private events (e.g. markets, festivals, fairs, exhibitions etc.) by one of the team members of WLIT Brewery walking around with an IPad displaying the survey. This last channel managed to collect 30 questionnaires usable for the gathering of qualitative data. Thus, a total of 70 questionnaires were collected to be analyzed.

The sample of the population targeted by the survey comprises consumers of Leopold7 and craft beer enthusiasts in general, regardless of any other characteristics. The only requirement was that the respondents had to have consumed one Leopold7 previously or at least know of the brand. This allowed for various profiles to compose the panel of respondents.

The survey was composed of 16 mostly multiple choice closed questions. One open question was designed in order to gain a descriptive view about whether or not someone would recommend Leopold7 to a friend. A model of the questionnaire can be found in the appendix (cfr appendix 10) and each question is examined in chapter 6 for the global comprehension of the reader.

5.2.3 Qualitative data collection: Participant Observation

The third and last data collection method is my personal observation. As an intern for six months in Cape Town for WLIT Brewery, my very flexible and polyvalent position among the company allowed me to collect an incredible amount of data on the field via participant observation. This represented a major source of qualitative data on the one hand, in the identification of the consumers' characteristics and on the other hand, in the characterization of the brand evoked by Leopold7 to consumers.

Patton (1990) highlighted the limitations of the data obtained from what people say (through interviews or survey responses for example) and to counterbalance this limitation, he extolled the inquiry by observation and defines the purpose of observational data as *to describe the setting that was observed, the activities that took place in that setting, the people who participated in those activities, and the meanings of what was observed from the perspective of those observed* (Patton, 1990).

Here below, details a range of the places and situations where I could directly observe and collect useful data to confirm or nuance the data gathered using the other research methods:

- Meetings, observation and discussions with potential Leopold7 consumers through tastings in liquor shops: I was managing tasting sessions in liquor or gourmet shops for customers to taste and discover Leopold7. These sessions were facilitating direct contact and feedback from people as well as a general perspective of the potential customers interested in the product.
- Meetings, observation and discussions with consumers and craft beer enthusiasts during various events where Leopold7 was present. They were public (e.g. festivals, craft markets, fairs) or private (e.g. openings, exhibitions, private parties) and were, thus, gatherings of very different people.
- Informal discussions with different stakeholders (e.g. suppliers, competitors, bartenders, restaurateurs) of Leopold7.

Even though this information is not considered as pure scientific empirical data and will not intervene in the next chapter presenting the analysis and results of the data, it has certainly influenced my experience and my knowledge of the market and its consumers and will, therefore, contribute enrichment of chapter 7 which discusses suggestions to cultivate the communication channels strategy.

The following chapter addresses the content data analysis of the in-depth interviews and the answers received to the consumer survey. This data will constitute the major source of answer to the first and second question presented in section 5.1.

The last chapter will humbly attempt to answer the third research questios by building on and discussing some tips for a better communication channel strategy addressed to the management of WLIT Brewery, in order to give the best orientation possible for the brand Leopold7 in light of the data gathered and enriched by the literature reviewed in the previous chapters. 6.

6. ANALYSIS AND RESULTS

This chapter aims at generalizing the various data sets obtained, to answer the research questions. First, the six in-depth interviews are entirely analyzed according to the CBBE model of Keller (2001) and in order to interpret the data and draw up conclusions, relevant verbatim of the interviews have been coded into the categories cited in the section 5.2.1 of the previous chapter. The classification enabled me to interpret the data and to conclude on the general brand image present in the minds of consumers. This brand image is then briefly compared to the brand identity depicted by the management of WLIT Brewery in Chapter 7.

After that, the survey submitted to consumers is analyzed and it is then possible to draw up general trends about the profile of the typical Leopold7 consumer and their motivations and obstacles to consume Leopold7.

6.1 In-depth Interviews Analysis

The data has been interpreted and structured according to a decomposition into the four brand-building blocks of Keller, (2001) (brand identity, brand meaning, brand responses and brand relationships) then a summary expresses the most important features of the brand image.

6.1.1 Who are you? (Brand identity)

The first block composing the brand equity of a product, is the brand identity, according to Keller (2001). It is divided into two branches, one being related to the depth of the brand awareness referred to as *how easily customers can recall or recognize the brand* by Keller (2001) and the other branch being the breadth of the brand awareness referred to as *the range of purchase and consumption situations in which the brand comes to mind* (Keller, 2001).

Figure 8 : Leopold7 bottle cap

Source : Colnect (n.a.)

First of all, it seemed that there is generally a **good recognition and recollection for the brand Leopold7.** When asked to describe what came to their mind when they heard "Leopold7", straight answers came out such as "*Quality crafted* *beer"*, "*I think of a good beer", "Imported Belgian craft beer that is new on the market"* or "*I just think craft beer from Belgium. Good taste"*. Those answers were short but unanimous in the terms used to characterize the product.

Even though not all the respondents consume the product regularly, they all had a relative distinct idea about how the logo of the brand looked while not having it in front of their eyes. Some of them had an idea about the **colors** with answers like "*Yeah, it is like a turquoise blue, what else? That is the color. That is all I know, yes"* or "*There is a bottle top, it is green* and *It is green, of course"*. Other answers included colors as well as elements of the logo: "*What I see in front of me is something yellow and then a kind of "softish" feeling of the logo and then the number 7, it is in the logo or It is very simple, there are like straight letters". "I think the logo has some yellow in it or maybe black, I don't know yellow and black maybe. To me, it is a very simple logo", "very clear"*, "*Well, it is a crown* and *I know there is a leaning crown to the right"*. So, the **depth of the brand awareness seems to stand at a fair level.**

On the other hand, it seemed that some interviewees had a fair **breadth of brand awareness.** Besides the general recognition and awareness of the brand, some interviewees also made references to moments and occasions when they would naturally think of the brand*: "I would search for it, yes I would. Because it also reminds me of a lot of my friends that also know this brand so we would look for it together"* said Mike when asking if he would look for Leopold7 on the menu while at a restaurant. Elin also mentioned in that field: "*If I'm at the restaurant, maybe once a month and I would see that they have Leopold7 in the menu, then I would take that beer. I would not doubt a second. Even if I am eating you know meat, chicken or sushi I would have the Leopold7 because it is in the menu and because I like it and I remember it"*. The big drawback preventing interviewees from buying it and recalling it more often is apparently its **limited distribution channels,** as one said "*As long as I would see it, I would definitely buy a Leopold7 over most other beers"* and another mentioned "*If I see one, I will buy one"* and later the same interviewee said "*Yeah, because I cannot really think of it without seeing it"*. I would not conclude that the breadth of brand awareness of all interviewees is well-developed yet, their answers were not unanimous as to whether Leopold7 would trigger their memory naturally in various occasions.

6.1.2 What are you? (Brand meaning)

This second aspect of brand building constituted a major part of the interview. Many questions were meant to be clues to incite the interviewees to speak about the brand performance and its imagery.

6.1.2.1 Brand performance

First of all, in terms of brand performance regarding the product characteristics, there was a general agreement from the interviewees about the **high quality of Leopold7**. With association such as "*Quality crafted beer", "high market", "This feels like it is a quality product",* "*A premium beer here in South Africa"*, *"It is a unique crafted beer and I think it is worth spending a little bit more money"* or *"If I want to have a Belgian quality beer, I would go for this one"*, it is clear that one of the primary characteristics of the product depicted by the interviewees is its **quality and reliability**. Rudy also expressed this quality by saying *"What I like is the taste and the quality of the beer, it is definitely one of the best we have got here in South Africa. [...] And then I think the grains are different, don't they get their grains from overseas?"* and he associated the grains from overseas with quality.

There is also a kind of **exclusivity and uniqueness** with the product of Leopold7. Sentences like *"This feels like it is a quality product and that they should not make too many of it neither. It is a tricky balance"*, *"I guess the feeling of exclusivity that it would make you feel [...] with Leopold7, sometimes as guys maybe for their ego, you want just to stand out a little bit and it would definitely stand out compared to other craft beers because not too many people would be drinking it at that time"* or *"I'm having a kind of exclusivity towards it. With Leopold7 I feel like I have discovered something that no one knows yet, and the exclusivity of it is nice"* clearly expressed the uniqueness of the product.

The interviewees also highlighted **the recognizable and pleasant taste of Leopold7** in their answers: (When talking about the motivations to buy Leopold7) *"It is clearly because to me it is one of the best craft beers in South Africa"*, *"I think Leopold7 is a lot more complex [...] the others are nice to drink but you don't have that complexity", "I just think about craft beer from Belgium, good taste. Yes, that is what I think it is a good tasting craft beer from Belgium"* and the same person answered *"I would say the taste first of all"* (when being asked what is specific to Leopold7). Most interviewees give Leopold7 a **superior advantage** compared to other craft beers, except one person, less experimental with craft beers *("I don't have a very discerning pallet for beer to be honest"*). But what is unanimous to all the interviewees is its very good and recognizable taste.

Also, I can also conclude from the interviews that the **style and the design of the product is considered as minimalistic, clean, unique and sophisticated**. This simplicity was expressed when asking the interviewees to describe the logo: *"To me, it's **very simple logo, very clear**"*. This was also echoed in answers describing the bottle such as: *"I think it is unique. It is really **unique** for a craft beer in the Cape Town market because it is sort of understated. So if you think about the craft beer market in Cape Town or in South Africa in general, the other craft beers will be sort of trying to differentiate themselves a lot from the local beers and I just think that Leopold7 maybe went with the simplicity. But there is kind of **beauty in their simplicity** in that it is understated. So it is not trying to do too much."*. Its design is characterized as unique mainly due to the shape of the bottle and the absence of a paper label and this was highlighted by different interviewees: *"It is **quite unique** in the sense that I don't know any other beer with the same bottle shape. And it is true that the logo is well made and you cannot take the sticker off. I don't know any other beer like this"*, *"That is pretty unique because here there is kind of a paper label on it. Nearly on every single beer I think* (talking about the other South African craft beers). *The packaging of Leopold7 is very different and I like it because it is **very modern and clean and nice**"*, "*I think of **cleanliness** for some reasons, I don't know why. That is what I think of, a clean design"*, *"This is **quite unique** and we clearly see that there is quality behind it"*, *"It is a slim bottle. I don't know, it does not strike me as a masculine bottle but it's also neutral, I wouldn't say it is feminine either. I think it is a **classy bottle**"*. Maria also found similarities with the classy style of a bottle of wine when saying *"Because there is also something kind of **sophisticated** with Leopold7 in how it looks like and the simple style of it. So it looks classy just like a bottle of wine. So you have that same **classy image**"*. Mike also expressed this uniqueness when saying *"But with Leopold7 because it has got green, brown and white as the monotones, it is **very simplistic**, I think it makes me say "What's that?""*.

Figure 9 : Leopold7 bottle

Source : WLIT Brewery (2014)

However, this minimalistic style, even though remarkable to most of the interviewees also seems to **prevent the bottle from standing out when being on the shelves** as compared to the other bottles. The interviewees agreed on the fact that Leopold7 is remarkable on the shelves once you have gotten to know the brand but is barely visible if you had never seen it before: *"So, because I know it, so it probably would stand out for me because I am exposed to it but I do not think it is a bottle from the many bottles in the store that I would have picked on the basis of how it looks. So, it is more after you have gotten to know it that you see it. It does not stand out if you do not know it"*, Rudy said that *"Yes, the blue makes it stand out. But I don't think it stands out enough because there are a lot of other bottles that are more obvious".* Another interviewee confirmed *"I don't think it would stand out in the way you're asking. Like I said it is not as flashy in the labeling and there are a lot of products out there that are more grabbing for the eyes. But if I happen to see it then I would get interested, yes".*

Finally, the **price of the brand is remarkably high** in the minds of the interviewees. More than an issue, it is depicted by some interviewees as one of the only obstacles to purchase the product: *"Well, the price is an issue. So, I usually do not buy lots of Leopold7 but I would have one or two when I'm out"* while Mike expressed that *"Just the price, it would be a price issue. It is a small bottle at a big price. I mean I can afford it but I feel like I can look at other options"*. Even though Mike seemed to have a very good relationship towards Leopold7, the high price would definitely overcome his likeability and his attachment to the product to the point he would choose another craft beer as *"it is just better value for money".* On the contrary, Rudy seems to have developed a stronger attachment to the brand and even though he mentioned the premium price of the product, he still maintains: *"As long as I would see it, I would definitely buy a Leopold7 over most other beers".*

6.1.2.2 Brand imagery

I will now describe and interpret the abstract meaning of Leopold7 to interviewees following their talks and associations.

First of all, there seems to be a close agreement about the **user profile** of the Leopold7 consumer. What is unanimous is the **essential interest of the user for craft beers**. *"I think it needs to be a real beer amateurs, you see", "I would say someone that it interested in different beers, crafted beers, small enterprises, special flavors, well-made beer, not just like the other random beer. Someone that would go for something special actually, like a special experience,* *a special occasion, you know, to find something different", "They do not drink a lot of beers but when they do drink beers they want a nice beer, they like to try many different kinds of beers".* All the interviewees picture the user as a person from **the mid to upper class and relatively young but mature**. There is not a single voice generalizing the gender of the user however, there is a general consensus about the **hipster culture lifestyle** that characterizes the user. This hipster culture is literally mentioned by most of the interviewees and is characterized by elements such as *"I've pictured the consumers as interested in **art, who spend their free time socializing**", "I would say like the hipsters, like **the modern areas of Cape Town**"*, *"This person goes out a lot"*, *"**more relaxed kind of people**, those guys that go to **art galleries** and you know, relaxed, doing cultural activities", "People who like to enjoy themselves but they do not like following the crowd. So, people who like to party but in a different way, who more like **to gather socially but not always necessarily going to the club** and those kinds of things".* However, it is not clear whether this reference to the hipster population is a positive reference for all the interviewees, as two of them literally mentioned negative feelings towards the hipster culture. Nonetheless, there is clearly a general perception of a **modern and trendy type of user**. A reference to **foreign people and tourists** was also made by two of the interviewees, as a second category of user profile.

Second, the various **purchase and usage situations** expressed by the interviewees can be characterized around the category of **quality time**. *"I would enjoy it while out and eating, at the restaurant. Or I would buy it if I would be home having a few drinks with my friends. Or for a sundowner or I would have it at a bar, maybe one or two [...] it is all about the quality not the quantity"* claimed Elin who highlighted **the quality element over the quantity** in terms of consumption frequency. It is not associated with a product you would drink every day and any time. Mike associated it with having a good time with his friends and he added *"I sort of drink it as a **specialty drink** so I would not necessarily drink Leopold7 the whole night if I were to drink it. But I would buy one or two just for the enjoyment of the taste".* However, the interviewees all expressed in implicit or explicit answers the **limited availability of the product as an obstacle to its consumption**: *"Well, I have not seen in the liquor stores"*, *"But I don't have the opportunity to drink it very often [...] I think, it is because of its availability "*, *"I have not seen it in a long time now"*, *"It is not always available at all the places where I go drinking"*. Adam is even more contrasted as he says *"I have not had Leopold7 in a while, you cannot get it anywhere or I don't know where you can get it".*

Also, I asked my interviewees if they were **associated Leopold7 with wine** in general. In my mind, I wanted to see if they would relate it, in any way, with the **sophistication** and the usage situations associated with wine. This association turned out to be described by most of the interviewees with answers such as: "*If I want to have something special then I would certainly compare it to a nice bottle of wine*", *"Going for beer tasting is now common and not just wine tasting anymore", "When I am drinking wine and when I am drinking Leopold7 because of just the type of situations [...] it would be similar, it would be like dinner party, having conversations [...] with Leopold7 and wine, I'm more in a conversational environment"*. Rudy also picked that similarity when spontaneously saying *"I suppose weddings. You could have both on the table, wine or Leopold7 [...] it does kind of give that wine vibe as well".*

Then comes the association of Leopold7 with **personality traits**. Here again, there were similarities in the range of associations given by the interviewees. Leopold7 is described as an **easy-going and accessible brand, not extravagant but requiring a bit of attention to get to know it**: *"I would not say a shy person. But I would say someone for who you will not know who they are just by looking at him, you have to really get to meet him to get to know him"* said Mike. Michel went on in the same direction: *"Not a very noisy person, but not shy either [...] a good friend".* The **classy and sophisticated traits** also came out from the perceptions of some interviewees with Rudy describing Leopold7 as *"a smart person".* This coincides with the previous answers analyzed regarding the style and the design of the brand which revealed a minimalistic and simple but beautiful and classy design. Also, I asked the interviewees to give me details about the **cultural identity** of the brand as they perceived it. Surprisingly, there does not seem to be a consensus on the Belgian or South African identity. Some interviewees classified it as a clear Belgian brand: *"It is definitely a Belgian craft beer. The fact that it is not locally produced and I guess as well the name"* and *"It is Belgian. Because of the name and I suppose it is imported from Belgium or at least it was. It was made in Belgium, I remember someone telling me something like that. But yeah, for me it is Belgian. Even though it was made here, I would still consider it as a Belgian beer".* Those interviewees clearly associated it with **Belgium because of the name and the imported production**. A few opinions also arose because of the choice of the name: *"Calling a beer Leopold in Africa, with a crown, might remind people about Leopold2. And in Africa it does not have a good connotation [...] So I don't think it is a propaganda [...] but I think some people could believe that"*. Others seemed to be unsure about the cultural identity they would give to Leopold7 but this is probably due to the Belgian connotation of the name.

Finally, the history, feelings and experiences of people towards Leopold7 are all only **positive feelings**, *"only good vibes"* confirms Rudy. They are all related in a way with having a good time with friends: *"I still relate Leopold7 to good friends", "I would say just enjoying a good time with friends, having fun, the feeling of relaxation"*. These good feelings and experiences are also associated with a nice tasting experience for other interviewees: *"Very good feelings, like only good feelings (...) it has special flavors and you know it is memorable in that sense that when I tried it, it was memorable and unique in a way", "It brings back great memories"*. Also, the feeling of ***"bringing together Europe and South Africa"*** or *"Europe in South Africa"* has been expressed in multiple sentences but it does not seem very clear to the interviewees what exactly in their mind related South Africa to Belgium.

6.1.3 What about you? What do I think or feel about you? (Brand responses)

6.1.3.1 Brand judgments

To express the opinions formed about the brand, I will not add any new data not already cited in the previous analysis but I will only synthesize the judgments and feelings expressed about Leopold7.

First of all, in terms of **brand quality**, as was exposed in the previous section about brand meaning, the interviewees all have a high perception about the quality of the product which represents, for many of them, its primordial aspect. Various extracts already cited expressed this judgment about the superior Belgian quality of Leopold7.

Second of all, the **brand credibility** is overall strong for Leopold7 as the Belgian expertise about brewing is highlighted and tangible in the judgments of the interviewees. However, this credibility could be considered weakened by the limited availability of the product exposed in most of the interviews. Indeed, it seems to disappoint the interviewees and discredit the trustworthiness of the product in some cases.

Also, when evaluating the **brand consideration** in the minds of the interviewees, some of them would seriously consider buying Leopold7 while having the possibility to do so and without mentioning any issue that could prevent them from doing so (but once again depending on its availability). On the other hand, others seem to be more **price cautious** and therefore expressed their consideration about the high price of Leopold7 as an obstacle that could definitely prevent them from buying it.

Finally, there is a kind of consensus among all the interviewees (except one who considered himself as unattached to any craft beer brand) about the **brand superiority** of Leopold7 compared to other South African craft beers. The **uniqueness of both its taste and its design** was highlighted in several answers of the interviewees and clearly reflects a higher judgment of the brand compared to the other brands present on the market. As Keller (2001) wrote, brand superiority is reflected in the *number and nature of unique brand associations that make up the brand image*. In this field, several unique brand associations were cited in section 6.1.2 regarding the brand image.

6.1.3.2 Brand feelings

The emotional responses and reactions towards the brand are mostly positive. There is first a clear **fun feeling** associated with Leopold7, as the interviewees relate it to their friends for most of them and to *"joy, definitely joy. Yes, joy and happiness"* said Rudy.

Also, there is a feeling of **excitement** for some reasons related to the experience of drinking Leopold7. Maria felt somehow *"exclusive"* while drinking Leopold7, Elin described it as a *"special experience",* Mike added that drinking Leopold7 makes you *"stand out a little bit"*.

Finally, a **social approval feeling** occurred for Mike, Maria and Elin when drinking Leopold7. Mike, as previously mentioned, related Leopold7 to an "ego-boost" in a certain way while Maria and Elin referred to themselves as exclusive people because they got to know Leopold7 while it was still a product relatively unknown to the larger crowd in Cape Town. This could be related in a way to the adopter categorization of "early adopters" as described by Rogers (1983).

6.1.4 What about you and me? (Brand relationships)

The last element composing brand equity is the **brand relationships.** It is referred to as the brand resonance by Keller (2001) and it expresses the extent to which people are "in synch" with the brand. A brand achieving a high brand resonance is usually considered to have very strong brand value.

In terms of **behavioral loyalty**, I would say that Leopold7 is not particularly subject to repeat purchases yet. It is a relatively new brand and, as previously mentioned several times, is not distributed widely enough, according to the interviewees. This drawback clearly prevents the interviewees from developing a real behavioral loyalty towards the brand.

As a consequence, it is hard for the interviewees to develop an **attitudinal attachment** towards Leopold7. Even though the brand is viewed as very positive in the minds of the various interviewees, there still remains a lack of strong attitudinal attachment, with the notable exception of Rudy, who clearly seemed to have developed a strong bond towards Leopold7 when he said *"I think if everybody was tasting it, everybody would drink it because it is a very very good beer"* and talking about its consumption occasions he added "*Well, Anytime, really. As long as I would see it, I would definitely buy a Leopold7 over most other beers. Anytime, yes. On the weekend or in the week when I am out. If I saw it, I would definitely buy it and drink it*". This is not the kind of reasoning that was expressed by the other interviewees even though they were showing and depicting great sympathy towards Leopold7.

Finally, I will not mention a **sense of community** nor an **active engagement** in relation with Leopold7 as these aspects of the brand resonance mentioned by Keller (2001) are not relevant in the present case. The brand has not developed far enough yet to foster such levels of brand resonance towards consumers. However, it is worth mentioning a certain sympathy expressed by some interviewees about their interactions with the owner of Leopold7 or with members of the Leopold7. Elin mentioned that to her, *"for those craft beers the most important is that they are reachable at different festivals so that people can get to know them from who they are. I think that is the core. And that is probably the meaning of all the different craft beers and that the consumers can meet the owners on a "one-to-one" personal basis. And I think that it is the beauty of it".* As most of the interviewees claimed, they met the team or had a chance to discuss Leopold7 with its owner at various events such as beer festivals, tastings or markets. These are typically the types of engagements where the attitudinal attachment, the sense of community and the active engagement can be triggered and enhanced. Therefore, this should be emphasized as a very good way to increase and build up brand resonance.

6.1.5 Aggregated results

In light of the results collected in the previous sections, I can now draw up a concise summary of the brand image of Leopold7 according to its consumers. As was mentioned, Leopold7 still lacks some strength in the two last steps of the CBBE model, namely building up the brand responses and the brand relationships. The first elements of those dimensions have been partially implemented but there remains much to do in order to develop a stronger brand. Namely, more can be done to create a greater brand response in the minds of consumers. Progress can be made in developing a true brand resonance, from which Leopold7 consumers would actively seek out, communicate, and be in touch with the brand and its other fellow users. On the other hand, Leopold7 is a brand relatively new on the market, with limited human and financial means. Brand building is, therefore, still in progress and will be built up step by step.

Nonetheless, it seems that its brand image is already coherent and that *strong, favorable and unique associations* (Keller, 2001) seem to be strongly elicited in the minds of the interviewees regarding the meaning of Leopold7. A concise summary of the brand image analyzed through the interviews is presented below to summarize those associations:

- First of all, Leopold7 only spreads **good feelings** around. It is a craft beer that enables people to spend quality time with their friends and that only leaves pleasant souvenirs both in terms of taste and in terms of experiences.
- There is a major association with a **sense of quality** towards the brand of Leopold7. According to the interviewees, this quality is expressed in the way the product was designed (e.g.: no paper label on the bottle) but also through its premium price and in its taste that reflects a memorable pallet experience described by the interviewees. Its remarkable taste does not prevent the product from being accessible to a very large crowd of different pallets, should they be women or men.
- Leopold7 is viewed as a **sophisticated but minimalistic and unique product**. This image related to the design of the product which inspires an understated but assured presence and smartness compared to other craft beers. Leopold7 is not a brand you would directly notice at the first sight, but once you have become familiar with it, it does stand out, according to the interviewees.
- There is also a kind of **exclusivity** around the brand of Leopold7. This may be due to its limited availability which keeps it exclusive according to some answers or also in the fact that the brand is present and active on the field and introduced by the Leopold7 team itself at some tastings, festivals and markets. This gives a certain feeling of exclusivity and personalization to the consumers.
- Finally, there is a certain attention given to the brand due to its cultural origins and associations. Drinking Leopold7 is referred to as a feeling of **bringing Europe to South Africa**. This also is associated with its name which reminds consumers about the Belgian heritage.

6.2 Qualitative Consumer Survey Analysis

This second section presents and describes the results of the consumer survey. The latter was administered during a period of 2 months, from the beginning of October to the very end of November 2015 and via various distribution channels, as was explained in section 5.2.2. An example of its visual display is available in the appendix (cfr appendix 10). The present chapter analyzes, question by question, the aggregated results of the survey to finally comment on and attempt to draw specific Leopold7 consumers' profiles. The analysis and aggregation of data was done utilizing SPSS software.

The general consumer profiles of craft beer drinkers have mostly been studied in relation to the U.S. craft beer market (see Murray & O'Neill, 2011; Cernivec, 2014; Orth *et al.,* 2004). The review of this literature in the theoretical part described the general consumer as relatively **youthful** and possessing a **high disposable income**. According to Orth *et al*. (2004), the typical lifestyle of the craft beer drinkers is composed by two distinct groups. First, the '***Introvert individualists****' that enjoy more sophisticated activities that do not necessarily require company* (Orth *et al*., 2004). The second major lifestyle profile is called *'**Rushing adrenaline addicts**' and enjoy lifestyle activities that involve excitement and motion* (Orth *et al*., 2004). Also, Cernivec (2014) mentions a significant and increasing proportion of **women** craft beer drinkers. Finally, the same author also highlights the comparison between the consumer segment of wine and spirits categories with this of craft beers as both consumer segments seek a **premium offering** (Cernivec, 2014). Those results constituted the baseline of the questions asked in my questionaire as my objective is to elaborate on a trend in consumer profiles that are comparable to the trends already observed in the U.S. craft beer market.

The analysis of the data was based on the frequencies of the different variables. Also, the following assumptions were hypothesized and tested with the help of Chi Square tests:

$\mathbf{H_1}$: The male respondents drink alcohol more frequently than women.

$\mathbf{H_2}$: The drinker type (beer/craft beer, wine or spirits drinker) depends on the gender of the respondent.

$\mathbf{H_3}$: The drinker type (beer/craft beer, wine or spirits drinker) depends on the craft beer consumption frequency.

H_4: If somebody heard about Leopold7 through friends, he/she will consume his/her first Leopold7 at friends, which would mean that the first place where Leopold7 was drunk depends on the source through which people got to know Leopold7.

They will be confirmed or refuted throughout the following sections.

6.2.1 Demographic profile

First, the survey enabled me to gather and analyze some demographic information about the respondents. The gender frequency analysis revealed a majority of male respondents (61,4%) as can be seen on the table below.

Table 4: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	43	61,4	61,4	61,4
	Female	27	38,6	38,6	100,0
	Total	70	100,0	100,0	

Regarding **age**, as seen on the table below, 88,6% of the respondents are between 18 and 39 years old revealing a **relatively youthful population** of Leopold7 consumer respondents in South Africa.

Table 5: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-20	2	2,9	2,9	2,9
	21-29	28	40,0	40,0	42,9
	30-39	32	45,7	45,7	88,6
	40-49	3	4,3	4,3	92,9
	50-59	4	5,7	5,7	98,6
	60 or older	1	1,4	1,4	100,0
	Total	70	100,0	100,0	

The **employment status** of the respondents is presented hereafter:

Table 6: Employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	14	20,0	20,0	20,0
	Higher managerial and professional occupations	14	20,0	20,0	40,0
	Lower managerial and professional occupations	21	30,0	30,0	70,0
	Intermediate occupations	6	8,6	8,6	78,6
	Small employers and own account workers	7	10,0	10,0	88,6
	Unemployed	1	1,4	1,4	90,0
	Other	7	10,0	10,0	100,0
	Total	70	100,0	100,0	

It is interesting to see that 50% of the people who answered the questionnaire occupy high or low managerial, professional occupations and are likely to be part of the **middle- to high-income consuming class.**

This observation coincides with that of Murray & O'Neill (2012) who had also identified a majority of craft brewers and enthusiasts who answered their survey in the U.S. to occupy a socio-economically comfortable position.

Another important characteristic is the 20% of student respondents. It is interesting to note that in the 10% of the "Other" answer category, the 7 respondents were composed of 'self-employers', 'employee' and one person working in the 'creative' sector.

Regarding the **nationality** of the respondents, only 40% of them are South Africans. According to Statistics South Africa, there were about 2.2 million immigrants in South Africa in 2011 (Lehohla, 2015). This represents only 4.2% of the population, but the density of expatriates in big cities such as Cape Town or Johannesburg is much higher than that in smaller cities. Moreover, even though the expatriate community of Cape Town is quite big, it is, in fact, a small world where word-of-mouth is a common way to communicate and stay updated about trends and meetings. As the Leopold7 management team is composed by two expatriates, it is understandable that a considerable part of their network and events where visibility is increased are composed of expatriates.

Finally, the **ethnic** repartition of the respondents is organized as follows:

Table 7: Ethnicity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Black African	8	11,4	11,4	11,4
	White	54	77,1	77,1	88,6
	Coloured	6	8,6	8,6	97,1
	Other	2	2,9	2,9	100,0
	Total	70	100,0	100,0	

Alone, the white respondents represent 77,1%. Without making any judgment here, this shows how segregated the market is in relation with the ethnicities of the consumers. Apartheid has been over for many years but there seems to remain a segregation in the products consumed in South Africa in relation with the ethnicities of the consumers surveyed. This also is probably due to a high income gap between the different ethnicities.

6.2.2 On average, how often do you drink alcohol?

This question was asked to respondents in order to identify the frequency of their alcohol consumption and the answers are allocated as follows:

Table 8: Alcohol Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Every day	10	14,3	14,3	14,3
	A few times a week	42	60,0	60,0	74,3
	A few times a month	14	20,0	20,0	94,3
	A few times a year	3	4,3	4,3	98,6
	Other	1	1,4	1,4	100,0
	Total	70	100,0	100,0	

94,3% of the respondents claim to drink alcohol daily, weekly or monthly, with the majority (60%) of the respondents drinking weekly.

H_1 is confirmed when performing a Chi-Square test to analyze the dependency relationship between the gender of the respondent and their alcohol consumption frequency (the crosstabulations realized on SPSS can be found in appendix 16). With a p-value of 0,028 (p-value<0,05), I can conclude that:

There is a dependency relation between the gender of the respondent and its alcohol consumption frequency.

It is interesting to observe that 100% of the respondents who claim to drink every day are men and they account for 23,3% of the male respondents of the survey. This figure combined with the 59,5% of male drinkers reporting to drink a few times a week (against only 40,5% of the female respondents claiming to drink a few times a week), I can then confirm **H_1: The male respondents of the survey drink alcohol more frequently than women.**

6.2.3 Are you more of a beer/craft beer, wine, or spirits drinker?

As a way to classify the respondents in terms of the type of alcohol they prefer to consume, they were asked to define themselves as "beer/craft beer, wine, or spirits drinkers". The results reveal a dominant proportion of beer or craft beer drinkers with 48,6%, closely followed by wine drinkers with a percentage of 41,4%.

This means that even though those 41,4% of people are preferably wine drinkers, they apparently account for a relatively important proportion of the Leopold7 drinkers. As this group of wine drinkers represents a considerable part of the respondents, it will be of our interest to further investigate what those people have to say about Leopold7.

Table 9: Drinker Type

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Beer / Craft beer drinker	34	48,6	48,6	48,6
	Wine drinker	29	41,4	41,4	90,0
	Spirits Drinker	5	7,1	7,1	97,1
	Other	2	2,9	2,9	100,0
	Total	70	100,0	100,0	

H_2 is tested here. The Chi-Square test gives a p-value of 0,001 which allows us to **confirm H_2** and to conclude that:

There is a strong dependency relationship between the drinker type and the gender of the respondents.

Indeed, 85,3% of the beer/craft beer drinkers are men which represents 67,4% of the overall male respondents. On the other hand, the majority of the female respondents (70,4%) are found in the wine drinker category and account for 65,5% of this drinker type category.

Also, when performing a Chi-Square test the dependency relation between the drinker type and the gender of the respondent, the p-value of 0,025 allows us to **confirm H_3** and to conclude that:

There is a dependency relation between the drinker type and its craft beer consumption frequency.

Indeed, logically craft beer drinkers drink craft beers more regularly than wine drinkers. Even though 87,5% of craft beer drinkers claim to drink craft beers at a weekly (50%) or monthly (37,5%) rate, the wine drinkers are not far behind with a proportion of 74,1% divided into those drinking craft beers weekly (11,1%) or monthly (63%).

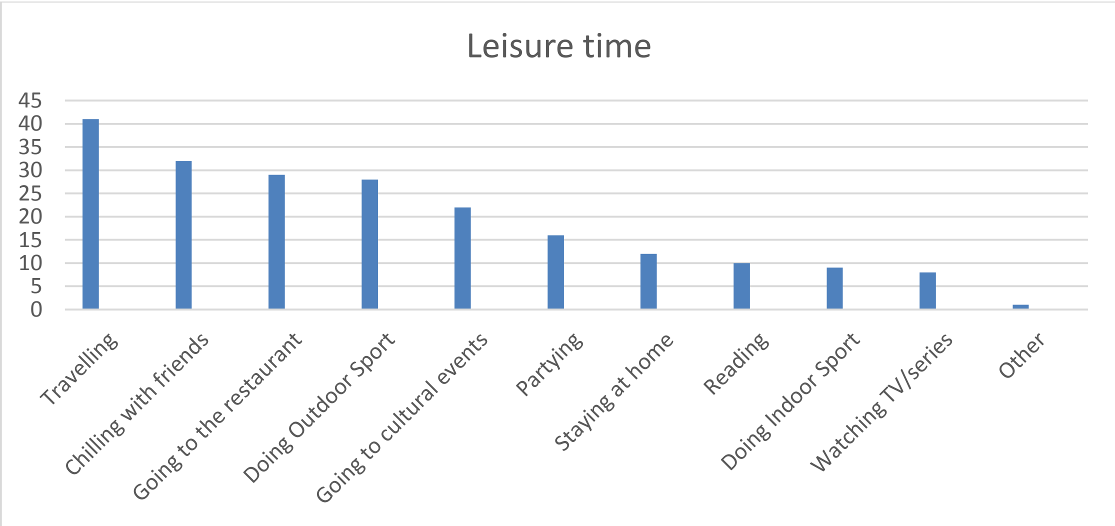
6.2.4 On average, where do you generally drink beer the most?

This question was asked in order to identify the preferences of consumers in terms of drinking places. As was reviewed in section 3.1.1, to consumers, drinking places assume different roles. In the survey, respondents largely admit to drinking beers in bars (61,4%), while the other answers are divided among people drinking beers at home (17,1%), at friends' (10%) or at the restaurant (10%).

6.2.5 Can you pick three leisure activities that best describe you?

As Orth *et al.*, (2004) mentioned in their work, consumers can and should also be targeted based on their lifestyle. This could be a good way of orientating consumer communication and distribution strategies based on the results of the survey. When asking to pick three activities preferred out of the 11 propositions, here are the compiled results of the respondents. The horizontal axis presents the 11 possibilities proposed to the respondents and the vertical one presents the aggregation of the answers gathered.

Figure 10: Leisure activities



What is clear is that the respondents are not as predisposed to participate in lonely or indoor activities as 'Staying at home' (17,1%), 'Reading'(14,3%), 'Doing Indoor Sport'(12,9%) and 'Watching TV/series'(10%) got lower scores among the respondents.

On the other hand, 58% of the respondents like to travel in their leisure time. A little less also like to share good times with friends (45,7%) and to go to the restaurant (41,4%). Also interesting is the significant proportion of 40% for outdoor sport amateurs

When performing various Chi-Square tests, no significant dependency relationships between the variables could be found as most of the p-value were superior to the significance level of 0,05.

I can therefore conclude that there is a tendency for outdoor and social activities among the respondents.

6.2.6 How did you hear about Leopold7?

One thing to take into account is also the channel through which consumers got to know Leopold7. This will help me to elaborate and focus my discussion on relevant distribution and communication channels. The repartition of the results is as follows:

Table 10: Leopold7 Source

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	From a friend	51	72,9	72,9	72,9
	I saw it somewhere else (bar, restaurant, festival etc.)	18	25,7	25,7	98,6
	I saw it at my favorite liquor store	1	1,4	1,4	100,0
	Total	70	100,0	100,0	

Almost none of the respondents claim to have discovered Leopold7 via a liquor store. On the other hand, there seems to be considerable word-of-mouth marketing as 72,9% of the respondents got to know Leopold7 thanks to a friend/acquaintance. Finally, for 25,7% of them, Leopold7 appeared for the first time in an environment such as a bar, a restaurant or a festival.

It is also interesting to mention that the multiple choices for that question also proposed "From the social media" and "I did not know Leopold7 before today" and none of the respondents opted for those answers.

6.2.7 Do you know what a craft beer is?

Despite the brand awareness, I also wanted to know what the level of general product characteristic awareness was among the respondents. When asked "Do you know what a craft beer is?" 91,4% of the respondents answered "Yes", meaning that the basic product characteristics are known by most of the consumers drinking Leopold7. However, this also shows that 8,6% of the other respondents drank Leopold7 while ignoring what a craft beer was and probably missing the important and valuable features of a craft beer (e.g.: its local and craft character, its natural ingredients).

6.2.8 How often do you drink craft beers?

To get a deeper insight into the consumption frequency of craft beer drinkers, only those who had shown elementary knowledge towards craft beers by answering 'Yes' to the previous question were asked on average how often they were consuming craft beers. The results are presented here:

Table 11: Craft Beer Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A few times a week	20	28,6	30,3	30,3
	A few times a month	32	45,7	48,5	78,8
	A few times a year	13	18,6	19,7	98,5
	Other	1	1,4	1,5	100,0
	Total	66	94,3	100,0	
Missing	System	4	5,7		
Total		70	100,0		

Craft beers are then consumed mostly a few times a month (48,5%) or a few times a week (30,3%) by the respondents while none of them claimed to drink craft beer every day. This is coherent with the content analyzed in the interviews that related Leopold7 to a special experience and a specialty drink.

It is also of some interest and logical to highlight that of the people who claim to be beer/ craft beer drinkers in question 5.3, 50 and 37,5% respectively reported to drink craft beers a few times a week and a few times a month.

6.2.9 If you remember it, where did you get your first Leopold7?

After the question about how the respondents heard about Leopold7, I also wanted to get some general insight into the distribution channels in order to know where people were having and tasting their first Leopold7.

Table 12: First Leopold7 Buying Place

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I bought it in a liquor shop	4	5,7	5,7	5,7
	At friends'	21	30,0	30,0	35,7
	In a restaurant	11	15,7	15,7	51,4
	At a festival/event (market, exhibition)	27	38,6	38,6	90,0
	I don't remember	2	2,9	2,9	92,9
	Other	5	7,1	7,1	100,0
	Total	70	100,0	100,0	

Very few of them (5,7%) claim to have bought their first Leopold7 in a liquor shop which is consistent with the low proportion of respondents who claimed to have heard of Leopold7 by seeing it in a liquor shop. This is also coherent with the repeated claim in the interviews that Leopold7 was not largely available in liquor shops. Discovering Leopold7 at a festival is the most common answer amongst respondents with a score of 38,6%. After that, comes the friends' place which represents the first drinking place of Leopold7 for 30% of the respondents.

Somebody also mentioned in the 'Other' category having drunk it for the first time at an event called "First Thursdays". The latter is organized every first Thursday of the month in the center of Cape Town and consists of the late openings of the art galleries in the city. They welcome thousands of people across the popular streets of Cape Town during the evening which is a great opportunity to increase visibility as a brand. WLIT Brewery arranged a partnership with a crowded and renowned café in the area to serve Leopold7 at each First Thursday of the month.

The four "Other" remaining answers all mentioned having drunk their first Leopold7 in a bar.

It was interesting to study the potential dependency existing between the first place where Leopold7 had been drunk and the source through which the consumer had discovered Leopold7 This was stated in **H_4.** The Chi-Square test gives a p-value of 0,573 (>0,05) therefore refuting the dependency relationship between those two variables. This means for example that **the fact of having heard about Leopold7 for the first time through a friend does not mean necessarily that the first Leopold7 will be consumed at friends'**. This means **H_4 has to be rejected.**

6.2.10 How many Leopold7 have you drunk in your entire life?

It is interesting and valuable to have an approximate idea about the average amount of Leopold7 drunk by the consumers surveyed. It is a recent product on the South African market and, therefore, it might be low in terms of units consumed for some of the respondents.

Table 13: Craft beer consumption frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	21,4	21,4	21,4
	5	15	21,4	21,4	42,9
	10	22	31,4	31,4	74,3
	100	11	15,7	15,7	90,0
	Other	7	10,0	10,0	100,0
	Total	70	100,0	100,0	

As can be seen in the table above, only a few people claim to have drunk an average of 100 Leopold7 (15,7%). For the rest, 42,9% affirm to have drunk an average of 1 (21,4%) and 5 (21,4%) Leopold7 which may mean that they are mostly new clients or not convinced/dissatisfied by the product. The sample surveyed was directed at Leopold7 enthusiasts mostly or at least craft beer enthusiasts. And the descriptive analysis of the last question (5.2.11) mainly reveals positive feedback and ratings which lends a very small probability to the argument of dissatisfaction towards Leopold7. However, this might also be related to the high price of the product.

6.2.11 Would you recommend Leopold7 to a friend? Why/Why not?

The last question of the survey was an open question asking respondents whether or not they would recommend Leopold7 to a friend and the reasons behind their answers. This question can be analyzed and enriched with the help of the answers and perceptions collected via the in-depths interviews and analyzed in section 6.1.

Firstly, I would like to highlight the fact that every answer was positive about the recommendation to a friend. The word "No" did not appear in the questionnaires analyzed for the answers to that question.

The answers given can be gathered into broad categories:

- We first have many people highlighting the **unique taste** of Leopold7. The sophistication and its refreshing lemon and fruity character have definitely convinced consumers. These people also mentioned its "easy-drinking" characteristic as well as the good balance of the product. To most of those respondents, Leopold7 has something very particular that distinguishes it from a "simple pils" or "any other beer". This first set of answers is completely in sync with the uniqueness aspect that was highlighted in the brand image of the interviewees.

- Second, a few people highlighted the "**brand association**" generated by Leopold7. I have read "This is what the cool kids like" or the fact that "it is a good beer to bring to parties to be original but not arrogant as the bottle is attractive". This means that Leopold7 is remarkable and may be associated with the current trends in South Africa, as someone was mentioning a trendy festival (Wolfkop Festival) as the place where this person discovered Leopold7. This same person also noted the presence of Leopold7 at more and more "awesome creative events around Cape Town". Again here, this could be related with the association of Leopold7 with the hipster culture that was mentioned several times in the interviews. The same perception of Leopold7 with dynamic and trendy events is highlighted.
- Some respondents also noted the **Belgian character** and the fact that the beer is **sustainable** and composed by natural ingredients. Those two arguments were not amongst the most popular. Someone also raised the fact that he liked the future **local character** of the beer. Indeed, I can confirm the enormous demand from South Africans to consume local products rather than imported goods. The mixing of cultural brand identities is present in the minds of consumers as it was mentioned in the analysis of the interviews as well. However, the natural and sustainable character of the product was not mentioned by the interviewees even though the Directors of Leopold7 clearly state the importance of the natural and sustainable aspect of the product in their interviews. There might be a discrepancy between the brand identity depicted by the company and the brand image perceived by the consumers around those two aspects of the product (Belgian and sustainable character). This will be further discussed in the next and last chapter.
- Finally, several people focused their comments on the fact that they are usually **not beer drinkers** but truly enjoy Leopold7 as one or the only beers they savor. Analysis of the results of the survey reveals a significant proportion of wine drinkers who can then be related with those comments.

6.2.12 Aggregated results

After presenting the survey results, it is now possible to draw up general trends among the Leopold7 consumers and their demographic and consumption characteristics.

- The Leopold7 consumers are mostly between **21 and 39 years old.**
- They are likely to have a **mid to high disposable income** as they occupy managerial occupations or are business owners.
- The Leopold7 consumers are mostly white persons and two thirds of the consumers are **not South African**.
- They are **sociable and active people** as they like travelling, outdoor activities (sport, restaurant, cultural events) and they appreciate the company of their friends.
- They **got to know Leopold7 mainly through a friend** or more rarely in a bar, restaurant or during an event but definitely not through the social media nor by seeing it in a liquor shop but this does not say anything about the first place where they tasted Leopold7.
- They claim to **drink alcohol and craft beers respectively weekly and monthly** but a distinction has to be made between the male and female consumers as the latter have a lower alcohol and craft beer consumption frequency than male consumers.
- Regarding the type of drinker, the **Leopold7 consumers are beer/ craft beer man drinkers and drink mostly weekly or monthly**. However, there is also a significant proportion of **female wine drinkers** who also consume craft beers at a monthly frequency and must be taken into account.
- Although the Leopold7 consumers claim to drink most beers most of the time in a bar**, when it comes to Leopold7, it seems that they do not consume it in a bar**, but mainly for the first time at a festival or an event, at friends' or else but less often in a restaurant. Again here, the Leopold7 consumers did not buy it for the first time in a liquor shop.
- Even though the Leopold7 consumers **would recommend the product to their friends,** for the various reasons exposed in section 6.2.11, their average consumption of Leopold7 remains quite low and varies **between 1 and 10 Leopold7s drunk so far**.

7. DISCUSSION

Now that I have exposed the various results of the data collected, I would like to briefly discuss them in this seventh and last chapter.

My discussion first addresses the match or mismatch between the brand image (constructed and analyzed in section 6.1) and the brand identity (expressed by Alexandre Tilmans and Marquis Brown in their interview).

Second, based on the analysis and all the elements collected with regards to the consumer identity and the brand image of Leopold7, I will propose some communicational aspects of the strategy and channels that could be beneficial to WLIT Brewery.

7.1 Does the brand image match the brand identity?

As Kotler & Keller (2009) noted, brand identity is the way a company wants its brand to be identified and positioned, whereas brand image is the way consumers perceive it. It is, thus, logical that those two elements have to be as coherent as possible with each other to avoid possible confusion.

After having analyzed and highlighted the major characteristics of the brand image perceived by interviewees, I shall compare it with the elements of the brand identity highlighted in the interview of the Directors of WLIT Brewery, Alexandre Tilmans and Marquis Brown.

First of all, there seems to be a **discrepancy in some aspects of the user profile depicted by Alexandre and Marquis and the profile described by the interviewees**. The latter associated Leopold7 with the hipster culture whereas Alexandre seems to have a definite opinion by saying *"I guess at the beginning the hipsters drank it because that is the first one that has been targeted by the craft beer market but that was at the beginning, that was last year. I think now it is a much refined group of people. We are out of that basic trend of craft beer".* He pictures the current drinker as *"Some hipsters drink it but the main people that drink it is your lawyer, your general practitioner, it is your marketing manager. Those are people from the upper class"*. This description of the consumers seems to coincide with that of Euromonitor International (2014) that depicted the craft beer consumers as issued from the premium category of consumers (see section 2.2.1). Even though this type of person was also mentioned or insinuated at some point by some interviewees, it looks like the consumers interviewed have kept their major associations of Leopold7 with a hipster crowd that was originally cemented, according to Alexandre, during the first months of its launch in South Africa. The brand management of Leopold7 should, therefore, take this finding into account in order to communicate their brand identity accordingly.

On the other hand, **the description of the lifestyle of the user is similar** both from the consumer side and the management side. *"People that can discern what a tasty beer is"* said Alexandre, which coincides with the interest for something different; a premium experience that was mentioned in most consumer responses.

Additionally, there are similarities in the identity expressed by Marquis and Alexandre for the image perceived by the consumers. The **focus on quality** described by Marquis and Alexandre (particularly in their detailed explanation of the production process) is matched by the consumers who expressed quality in their various answers. Marquis and Alexandre also relate quality with the use of **only natural ingredients and a particular attention given to sustainability**, however, these aspects do not seem to be important enough for the consumers interviewed, as nobody mentioned them. For consumers, quality is rather perceived in the memorable taste of the beer and in the design of the product but does not seem to be linked to the natural or sustainable character of the beer. The literature reviewed, mainly concludes that environmentally friendly production means resonate in South Africa but may lack importance among consumers. Nonetheless, companies enacting green activities have an enormous potential to develop in South Africa. Awareness about environmental issues first needs to be raised as people are not very familiar with environmental topics yet (Scott & Vigar-Ellis, 2014). This does not mean WLIT Brewery should play down eco-friendly packaging as well as the other sustainable aspects of their product. On the contrary, informing consumers could be beneficial at helping to build up stronger brand equity as Scott & Vigar-Ellis (2014) wrote *Buying environmentally friendly packaged products added to their quality of life because it lets them feel as if they were helping to save the planet [...] and preserving the environment for future generations. [...] These motives reflect the self-interest motives or the egoistic value orientation*.

The **style, design and the personality traits** of Leopold7 converge into common terms and associations both from the consumers and the management point of view. The characterization of the design of the brand can be related to the "sophistication" brand personality dimension of

Aaker (1997) reviewed in section 4.2.2.1 as the terms evoked to describe Leopold7 are grouped around "sophistication, unicity, premium or classy". The **uniqueness of the brand** that was expressed by consumers interviewed might also coincide with the deliberate choice of WLIT Brewery's management to only propose a single product offering *"to be different [...] Not to do like everybody else"*. This differentiation choice could give Leopold7 a competitive advantage compared to the various product offering of their competitors thanks to the uniqueness of their choice (Clemons *et al.,* 2006). Also, the brand personality is characterized by consumers and the management in the same tone. **Easy-going, smart, fun;** those are the kind of adjectives used to describe the brand in terms of personality traits. But once again here, Marquis also insisted on the natural aspect which was not especially highlighted by consumers.

Finally, the **cultural aspect and orientation of the brand** was not unanimous among all the consumers interviewed. Some of them saw it more as a Belgian product that has nothing to do with South Africa, others as a mix between Europe and South Africa. Marquis Brown made his point of view very clear about the desired cultural identity of Leopold7: *"Yes, basically, we would like for South Africans to know and be proud of the fact that it is brewed here but the quality comes from the quality and tradition and standards of Belgian brewing"*. This strategy is coherent with Consumer Ethnocentrism tendencies in South Africa that were reviewed in section 2.3.3 and that depicted the South African nation as a moderate ethnocentric population (Pentz *et al.,* 2014). Associating some elements of both South Africa and Belgium seems to be a winning combination in convincing South African consumers as it links both ethnocentric preoccupations with the promotion of valuable assets from a developed country (Belgium). Estifanos (2003) indeed corroborated this positive impact of mentioning a developed country in the branding of a product while Pentz *et al*. (2014) highlighted the importance of promoting elements of the South African identity in the brand message. Also, the 'foreign-sounding brand name' might have a positive impact on consumers as mentioned by Leclerc *et al*. (1994) in section 4.3 and by one interviewee who noted the atypical and, thus, easier to remember character of the brand name Leopold7. Also, the fact that the local production has not started yet in South Africa makes it more difficult to communicate about the local aspect as it is currently not a proper reality for the company.

Following the comparison between the brand identity and the brand image, two major areas should be addressed in order to align the brand identity and the image perceived. First, there should be **a greater focus on the brand message** communicated about the **natural and**

sustainable aspects of Leopold7. Second, a clear message should be sent about its **cultural identity**. If those two areas represent such a prominent feature of the product, according to Alexandre Tilmans and Marquis Brown, it should be enhanced in the message conveyed to consumers. Utilizing a tool that was described in the theoretical part of this thesis (section 4.2.2.1), one that is valuable in building a strong brand personality, is this of **brand humanization** (Hede & Watne, 2013). Using the **anthropomorphisation** strategic tool and attributing a spokesperson or a humanized icon to the brand is a useful way to make clear the important aspects of the brand conveyed to consumers.

To make the Belgian heritage clear and to eliminate the existing association with the King Leopold2 (mentioned by some consumers interviewed), the **character of Leopold** (the historical brewer of Leopold7) could be humanized in order to depict and show its real identity (namely, the historical brewer of the Leopold7 craft beer) with the help of a brand narratives. This has already been done during my internship as we had designed a small book about the product and the storytelling of the history of Leopold7 (cfr appendix 17). Relatively long, this was more intended to be given away during a business-to-business context. Nonetheless, the same approach could, then, be used in order to communicate this brand identity to consumers in the form of a character. This would only depicts the most important features to be delivered in the brand message. Highlighting the destination in the new local character of the Belgian-South African craft beer Leopold7 could also be a good way to apply the principle of SoP described by Hede & Watne (2003) in section 4.2.2.1.

7.2 What communication strategy to use?

The integration of various communication channels is beneficial to a company. The combination chosen must be thought of carefully, as it contributes to the building of the brand awareness and image and to the brand equity (Keller & Lehmann, 2006). A coherent message needs to be communicated in all the mediums used.

In this section, I will not try to establish a proper communication channel strategy as it would require several steps including an audit of all the interactions between the company and the market. This was not the major focus of my thesis. I would like to share some communication channel propositions I have thought of in the light of the literature reviewed in the theoretical chapters as well as the analysis of the data gathered.

Kotler and Keller (2009) cite several communication channels possible in order to deliver a message. Orth *et al*. (2004) highly recommend craft brewers use **direct marketing and a 'targeted approach'** to communicate with their consumers. The analysis of the data gathered confirms this finding as most of the consumers surveyed and interviewed discovered Leopold7 through a friend or an acquaintance. This also highlights the importance of **viral marketing** in South Africa. Also, Kotler & Keller (2009) go in the same direction and claim that the influence of personal channels (those that enable an individualized and direct contact with the audience) have a greater impact when it comes to a product whose use is more social than private (as is the case for alcohol for example). In this field, I would like to point out several communication channels that could certainly be beneficial for WLIT Brewery to use.

- As Leopold7 is a relatively new product on the South African market, we can relate it to the new product adoption categorization of consumers of Rogers (1983) reviewed in section 3.2. Even though it is hard to tell precisely in which adopter categorization the current consumers of Leopold7 have to be considered, I would certainly gather most of them into the **early adopters' category** on the basis of what has been analyzed in the present thesis. It is indeed, still a relatively small group of people. Rogers (1983) has described them as **opinion leaders**. This term of 'opinion leaders' necessitates the importance of impacting them boldly, as their influence is crucial to the further diffusion of the product. In order to do so, WLIT Brewery should make sure that every influential person in the South African craft beer industry, or at least around Cape Town first, has heard about Leopold7. There are various popular blogs and websites referencing and rating craft beers in South Africa (e.g. brewmistress.co.za, thecraftbeerproject.co.za, southyeasters.co.za, brewmasters.co.za). In order to assure a vast diffusion of Leopold7, management should utilize all of those sources and ensure they are correctly informed about Leopold7.

  Leopold7 is a differentiated product (this has been highlighted through all the interviews and surveys analyzed) compared to the other craft beers available on the craft beer market. Clemons *et al*. (2006) have found that positive online reviews and high ratings for differentiated craft beers play a very important role in their sales growth. This medium of communication is referred to as "**word of mouse**" by Clemons *et al*. (2006) and is part of the bigger family called **viral marketing** and based on oral, written or electronic word of mouth. One of the advantages of improving the 'word of mouse' communication is that if done correctly, can be done at a lower expense than other types of mass marketing. It is most effective to increase communication and presence through this medium.

- In order to keep up with the personal presence that has been described as so precious and valuable among the craft beer sector, it is crucial to keep in direct contact with as many consumers, retailers and suppliers as possible. In order to do so, there first has to be an **awareness-raising action completed internally** among the Leopold7 staff as described by Kotler & Keller (2009). The brand identity needs to be clearly stated to every internal stakeholder of WLIT Brewery and it is crucial that a consistent message is conveyed in any interaction between a member of the Leopold7 staff and other stakeholders. Alexandre Tilmans and Marquis Brown made the brand identity of Leopold7 clear in their interview but it is unknown if the rest of their staff and internal stakeholders have a consistent identity in mind. My personal experience as an intern sometimes raised questions about the deeper meaning of the brand message and identity to be communicated. In the future, such questions have to be directly answered to not confuse the brand identity.

  After making sure this awareness has been raised internally, communicating the same message directly to consumers will contribute to the spread of a consistent brand image among Leopold7 external stakeholders.

- After this first internal action is completed, it is indeed very important for Leopold7 to be associated with and seen as real people. Carroll & Swaminathan (2000) made clear that the craft beer movement was born from a direct contact between people and a return to tradition and proximity between the brewer and the consumer (see section 1.2). It was observed and analyzed that the Leopold7 consumers like **outdoor and cultural activities.** Therefore, the **need to be in, and communicate on the field is crucial**. Festivals, markets, exhibitions, all kinds of events that were mentioned by the interviewees and the consumers surveyed have to constitute a focus for the presence of Leopold7. They represent festive rituals for consumers where alcohol has to be inherently present as was reviewed in section 3.1.1 (The Social Issues Research Centre, 1998).

  However, as was mentioned, there might be a disconnect between the current brand image and the current brand identity about the typical user profile of Leopold7 (management focuses on the upper, classy segment whereas the interviewees seem to picture the hipster group in a larger way). It is then, of a great importance to pay attention to the type of events associated with Leopold7 in order to stay coherent with the segment of user profile targeted. Alexandre did not exclude the hipster crowd but wanted the focus to be on *"the lawyer, the general practitioner, the marketing manager"* etc. Leopold7 must also be present sufficiently in that field to enhance and link the brand with that segment of consumers.

- **Beer tourism,** referred to by Plummer *et al*., 2005, p. 449) as the *Visitation to breweries, beer festivals and beer shows for which beer tasting and experiencing the attributes of beer region are the prime motivating factors for visitors* could also be another way for WLIT Brewery to use **experiential marketing** once the local production of Leopold7 has started (in June 2016 according to Alexandre Tilmans). South Africa is famous for its wine tourism but there is enormous potential to explore tourism with craft breweries according to Rogerson (2015). This could be a way of **attracting foreign people and tourists** in search of a local but qualitative experience in South Africa. Moreover, the profile of foreigners represented a large proportion among the survey respondents. Some consumers interviewed even mentioned Leopold7 as a craft beer well suited for tourists and foreigners. Of course, the feasibility would have to be studied more carefully in terms of potential revenues compared to costs, but the local brewery could propose a visit of the brewing facilities and an elegant tasting room accessible to visitors. It has been concluded in the previous chapter from the analysis of the data that a significant part of the Leopold7 drinkers were also considered as wine drinkers.
  This could be a good opportunity to directly communicate the major specificities of Leopold7 by demonstrating them. Such an experience could **please wine lovers** in search of a sophisticated, but different experience.

- Lastly **women** represent *"another part of the segment targeted"* by Leopold7 said Alexandre and those words are confirmed by two elements. On the one hand, the results of the survey and the analysis of the interviews confirm this interest coming from women for Leopold7. On the other hand, the article mentioned in section 2.2.1 detailing the growing and significant interest from women for craft beers in South Africa (CNBC Africa, 2012).

Another sign showing the feminine character of Leopold7 is a simple observation I have made by having a look at different websites selling craft beer (e.g. www.lesbieresbelges.be). There, Leopold7 was offered in the gift packs intended for women and this can also confirm the suitability of the Leopold7 for women. A targeted message should be addressed to the ladies as well. In order to do so, a **public relation channel** could be used. A **press kit** delivered to various journalists in local relevant women's publications (to keep the local character of craft beers) could be a way to introduce the product at a local level and try to raise awareness among the targeted group. As Leopold7 remains geographically very local, at the moment, the choice of a local publication makes more sense and is consistent with the local character of the product.

I know from my personal experience as an intern; that having a women on staff is also a valuable asset in order to add some feminine touch where it is needed. Leopold7 is a craft beer also intended for women (taste and design wise), the feminine input in the way the product and the messages are communicated is useful. The beer industry is a world dominated by men and this tendency is also true in the craft beer sector in South Africa. My presence on the field as a young woman was very interesting in various ways. Nevertheless, on the consumer side, the gender repartition is more various. It thus represents a true and real opportunity for WLIT Brewery in order to differentiate itself more than the other craft brewers.

CONCLUSION

The purpose of this thesis was to investigate and discover a recent and growing trend in South Africa, namely craft beer and its branding. Once this context was studied, the aim of the exploratory work was to analyze the consumer identity and the brand image of Leopold7, one of the craft beer available on the South African market. The brand image was then confronted and compared with the brand identity. Recommendations about the communicational tools were based on those analysis and results.

With a brand identity axed around "accessibility, quality and refinement", Leopold7 is a craft beer brand willing to seduce a unique segment proposition of consumers who demand an exclusive and sophisticated, but accessible (taste wise) product. This aspect of brand identity seems to have been mostly transmitted in the brand image perceived by consumers. A clarification about its cultural identity and its natural and sustainable aspects may be needed. Meanwhile, some important attributes are already built and aggregated in the minds of consumers.

Moreover, its segmentation proposition seeks differentiation and uniqueness as the consumers targeted, more than just belonging to the hipster culture, should be part of a premium segmentation of people in search of sophistication and quality. This profile of consumers seems to corroborate the observation of Cernivec (2014) who highlighted a *premium positioning* among craft beer consumers.

This consumer identity is very clear in the minds of management at WLIT Brewery but still seems a bit confused from the consumers' point of view. This confusion could be explained by the first sequence of major events where Leopold7 was present. Those events might not have reflected its real positioning. It is up to Leopold7 brand management to insist and highlight this part of the segmentation in their brand proposition and to communicate the particular benefits sought by this segment. .

Those aspects combined together, seem to offer WLIT Brewery a big potential for growth in the future as:

- The product is differentiated in terms of product attributes but also in the various elements of the brand identity transmitted to consumers. Moreover, this differentiation seems to reflect a certain satisfaction among consumers.
- The premium consumer segmentation choice is promising as *the average Sub-Saharan consumer is drinking more expensive beers* as mentioned in the report published by Business Monitor International (2014).
- There is plenty of room for experiential marketing regarding the future local production of Leopold7 in South Africa (e.g. culinary or beer tourism).

Limitations

The brand audit that I have realized here, is a fixed representation of the situation in the present. By the time local production will have started, the brand image will probably need some refreshment and repositioning, even though communication has already been in progress.

Also, Leopold7 stands in an early life cycle stage and is currently still an imported product. It is hard to generalize its brand image in the long term, partly because of the imminent start of the local production and the early adopters' character of the current consumers (as described by Rogers (1983). Although I have tried to minimize the limitations, the results have to be used with caution. The consumers surveyed were only composed of craft enthusiasts and, therefore, might lack some objectivity.

Moreover, I voluntarily decided to only focus my research and my results and recommendations on Leopold7 and WLIT Brewery as I wanted my thesis to be as useful as possible for the company and of use, practically, in the near future of the company.

Recommendations

My recommendation concerning future research would be to enlarge the scope of the consumer identity analysis to the general craft beer market in South Africa. This could identify different growth potential and generalize the results to the overall craft beer category in South Africa.

My recommendation to WLIT Brewery would be to complete another audit in the near future once WLIT Brewery starts its local production. This will mark the beginning of a new period in their branding and communication strategies and will certainly contribute to the reinforcement of brand equity.

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